



**SILVER DOLLAR**  
R E S O U R C E S

# **Silver Dollar Resources Inc.**

**Management's Discussion and Analysis**

**Financial period ended February 28, 2023**

Containing information as of April 4, 2023

## **Caution Regarding Forward-Looking Information**

Certain of the statements made and information contained herein and in the financial statements is “forward-looking information” within the meaning of the *Securities Act* (British Columbia). This includes statements by Silver Dollar Resources Inc. (the “Company” or “Silver Dollar”) concerning exploration results, including deposit size, quantities, grades and contained metals, which are generally made on the basis of estimations and extrapolations from a limited number of samples, drill holes and assays. These estimations and extrapolations are subject to uncertainties which include but are not limited to uncertainties in connection with evaluating a deposit until the deposit has been extensively drilled on closely spaced centres. Should one or more of these underlying estimations or extrapolations prove incorrect, actual results may vary materially from those described in forward-looking statements.

Forward-looking statements contained herein also include the Company’s future operating costs and exploration plans at its mineral properties. These involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information including, without limitation, the ability of the Company to continue to be able to access the capital markets for funding necessary for operating costs, to acquire and maintain exploration properties and to carry out its desired exploration programs; difficulties in executing exploration programs on the Company’s proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or the availability of essential supplies and services; and factors beyond the capacity of the Company to anticipate and control, such as the marketability of minerals, government regulations relating to health, safety and the environment, foreign currency controls, and the scale and scope of royalties and taxes on production. Should one or more of these risks or uncertainties materialize actual results may vary materially from those described in forward-looking statements.

Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

## **Description of Business**

Silver Dollar is a junior exploration company whose common shares are listed on the Canadian Securities Exchange and quoted on the OTCQX® Best Market. It is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company has an option to purchase the La Joya Silver Project located in Durango, Mexico and owns the Longlegged Lake and Pakwash Lake gold properties located near Red Lake, Ontario.

The following discussion and analysis of the operations, results and financial position of the Company should be read in conjunction with the condensed consolidated interim financial statements as of and for the six-month period ended February 28, 2023 and the notes thereto (the “financial statements”). The financial statements are incorporated herein by reference.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and unless otherwise cited, references to dollar amounts are Canadian dollars. The financial statements were prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had working capital of \$6,280,258 as of February 28, 2023. The Company’s ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

## **Overall Performance and Discussion of Operations**

### **Second Quarter Results**

During the second quarter of the Company’s 2023 financial year, its consolidated net loss was \$168,862, as compared with a \$317,851 net loss for the same period last year. This \$148,989 improvement was caused primarily by a \$128,037 decrease in promotion costs following the cessation of an investor relations program launched in 2020, a \$39,480 decrease in consulting fees, a \$25,150 reduction in listing and filing fees following last year’s application for listing on the OTCQX® market, and a \$23,826 increase in interest income following renegotiation of the company’s short-term deposits to earn a higher rate of return. Offsetting these improvements somewhat was a \$66,196 increase in audit and legal fees.

### **Six-Month Results**

During the first half of its 2023 financial year, the Company experienced a consolidated net loss of \$466,235. This represents a \$99,066 decrease from the \$565,301 loss during the same period last year. The bulk of this change was, as described above, caused by a \$198,716 decrease in promotion costs and a \$54,146 decrease in consulting fees. Offsetting these savings was a \$117,437 increase in professional fees.

### **Cash Flow**

As of its February 28, 2023 financial period-end, the Company had cash of \$5,888,744 as compared with \$7,155,593 at the beginning of the financial year – a decrease of \$1,266,849. Of this total, \$710,337 of cash was used for its operations and \$594,971 of cash was used for the exploration and acquisition of the Company’s silver and gold projects. Management expects exploration expenditures to continue at a similar pace in the coming quarters as it continues exploring its La Joya, Longlegged Lake and Pakwash Lake projects.

For a detailed breakdown of exploration and evaluation assets for the first half of the Company’s 2023 financial year on a property-by-property basis as well as for the same period last year, refer to the Condensed Consolidated Interim Schedules of Exploration and Evaluation Assets accompanying the financial statements.

### **General**

The Company is exploring its La Joya Silver Project in Durango, Mexico and its Longlegged Lake and Pakwash Lake gold properties near Red Lake, Ontario. Despite the volatility in recent months, silver and gold prices remain historically strong and management expects world political turmoil, surging inflation and, more recently, tensions over the U.S. government’s debt ceiling to continue pressuring prices higher. Accordingly, the Company plans to continue its strategy of advancing its mineral properties to add shareholder value.

Current global uncertainty with respect to the COVID-19 pandemic and its effect on the Canadian economy, international supply chains and financial markets may have significant and as-yet unpredictable effects on the Company. While the impact remains unknown, ongoing

spread of the virus and periodic future recurrences may have a material adverse effect on economic activity and could affect exploration plans, disrupt metals and financial markets, and affect other factors relevant to the Company.

## Summary of Quarterly Results

	2023			2022			2021	
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss for the period	(168,862)	(297,373)	(274,756)	(214,174)	(317,851)	(247,450)	(254,815)	(549,805)
Loss per share	-	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Total comprehensive loss	(14,063)	(151,843)	(221,354)	(216,335)	(316,887)	(249,756)	(254,815)	(549,805)

Variations in operating loss from quarter to quarter typically result from increases in exploration and property acquisition activity. During periods of greater activity, professional fees, consulting fees, costs relating to regulatory approvals, and travel and promotion costs will typically increase. In addition, during the third quarter of 2021, non-cash share-based compensation also contributed to the marked increase in net loss.

The differences between loss for the period and total comprehensive loss are the result of currency exchange differences on translating foreign operations.

The quarterly results summarized herein were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

## Liquidity and Capital Resources

The Company does not yet generate positive cash flow from operations and is therefore reliant upon the issuance of its own common shares to fund its operations. As of the date hereof, the Company is adequately funded for the short- and medium-term. To continue to fund its long-term exploration plans, the Company must raise additional equity capital. There is, however, no certainty that such financings will be completed.

The Company has no debt obligations and no commitments other than as described herein and in its financial statements.

Management expects that the Company presently has enough working capital to fund operating costs through at least April 2024.

## Mineral Exploration Activities

### La Joya Silver Project, Durango, Mexico

#### Overview

Under the terms of the definitive agreement between Silver Dollar and First Majestic Silver Corp., Silver Dollar has an exclusive option to acquire an initial 80% interest, and if exercised, a second option to acquire the remaining 20% interest for an aggregate 100% interest in First Majestic's La Joya silver-copper-gold property (the "Property"). Located in the south-eastern portion of the State of Durango in the Mexican Silver Belt, this exploration and development stage property consists of 15 mineral concessions totaling 4,646 hectares and hosts the Main Mineralized Trend (MMT), Santo Nino, and Coloradito deposits.

The Property is situated approximately 75 kilometres southeast of the state capital city of Durango in a prolific high-grade silver region with past-producing and operating mines including

Grupo Mexico's San Martin Mine, Industrias Penoles' Sabinas Mine, Pan American Silver's La Colorada Mine, and First Majestic's La Parrilla and Del Toro Silver Mines. Access and infrastructure near the Property are considered excellent with highway, rail, and power lines nearby.



Figure 1: La Joya Silver Property location and area mines

### History

First Majestic acquired the La Joya Property as part of its acquisition of SilverCrest Mines Inc. in 2015. In 2013, SilverCrest disclosed a mineral resource estimate for the Property that was reported to conform to CIM definitions for resource estimation (Table 1). A qualified person of Silver Dollar has not done sufficient work to classify this historical resource and the Company is not treating it as a current mineral resource. Independent data verification and an assessment of the mineral resource estimation methods are required to verify the historical mineral resource.

Table 1: Extract from National Instrument (NI) 43-101 Technical report titled "Preliminary Economic Assessment for The La Joya Property, Durango, Mexico," dated 5 December 2013

Zone	Category**	Cut off	Rounded Tonnes	SG	Av Ag (gpt)	Av Au (gpt)	Av Cu (%)	Contained Ag (oz)	Contained Au (oz)	Contained Cu (lbs)	Contained AgEQ (oz)*
MMT (Ag, Au, Cu)	***inferred	15	120,570,000	3	23.7	0.18	0.18	91,855,000	708,000	466,474,000	185,757,000
		30	67,618,000	3	34.67	0.24	0.25	75,367,000	519,000	377,392,000	148,671,000
		60	26,109,000	3	58.53	0.3	0.42	49,129,000	256,000	240,114,000	92,035,000
Santo Nino (Ag, Au, Cu)	***inferred	15	6,169,000	3	20.36	0.04	0.49	4,039,000	8,000	66,775,000	12,826,000
		30	3,586,000	3	29.17	0.05	0.75	3,363,000	5,000	59,384,000	11,078,481
		60	1,818,000	3	43.06	0.05	1.2	2,517,000	3,000	48,269,000	872,000
TOTAL	***inferred	15	126,739,000		23.5	0.17	0.20	95,894,000	716,000	533,249,000	198,583,000
		30	71,204,000		34.4	0.23	0.28	78,730,000	524,000	436,776,000	159,749,481
		60	27,927,000		57.5	0.28	0.47	51,646,000	259,000	288,383,000	92,907,000

Key assumptions, parameters, and methods used to prepare the historical mineral estimate:

- 89 holes totaling 30,085 metres (m)
- Raw assay data was composited to 2 metres, capped at 550 gpt Ag, 5.5 gpt Au 6% Cu and interpolated into a block model using 5 m x 5 m x 5 m block size using inverse distance squared (ID2) methodology
- Silver equivalency formula assumes Ag:Cu is 50:1, Ag:Cu is 86:1, based on US\$24/oz silver, US\$1200/oz gold, US\$3/lb copper and 100% metallurgical recovery
- Mining by open-pit methods
- Mining and process costs assumptions not specifically stated.

Mike Kilbourne, P. Geo, an independent qualified person as defined in NI 43-101, reviewed and approved the technical contents above on behalf of the Company.

#### *2021-2022 Drilling Program*

In 2021 and 2022, the Silver Dollar undertook two phases of drilling totalling 5,852 metres of core through 28 holes at the La Joya Silver Project. The drilling program was focused on the underexplored Noria portion of the Property and was successful in identifying possible structural extensions of the known mineralized zones as well as the discovery of a new shallow high-grade gold zone. Highlights of the results included:

- Hole NOR-21-002 that returned 131.2 grams per tonne (g/t) silver equivalent (AgEq) over 5.37 metres (m);
- Hole NOR-21-004 that returned 1,590 g/t AgEq over 3.00 m, and 2,369 g/t AgEq over 1.01 m within a broader intersection of 361.8 g/t AgEq over 8.37 m;
- Hole NOR-22-008 intersected 89.57 grams per tonne (g/t) silver equivalent (AgEq) over 125.3 metres (m) starting at 3 m downhole. This interval includes 267.56 g/t AgEq over 10.47 m starting at 70.53 m downhole. Mineralization consists of Ag, gold (Au), copper (Cu), lead (Pb), and zinc (Zn) mineralization over wide intervals associated with sulphide veins, hornfels, and quartz veins hosted in Indidura formation carbonates adjacent to a monzonite intrusive;
- Hole NOR-22-009 intersected 60.33 g/t AgEq over 58.84 m starting at 75.83 m downhole. This hole was higher grade in gold recording 0.66 g/t Au over the same 58.84 m interval. Gold tenors were over twice the grade and triple the width of mineralization encountered in historical hole LJ-DD12-96; and
- Hole NOR-22-013 returned the highest grades to date at the new Brazo Discovery, intersecting 815 grams per tonne (g/t) silver equivalent (AgEq) over 5 m within a broader interval of 363 g/t AgEq over 19.35 m starting at 86.4 m downhole.
- Hole NOR-22-017 returned 1,052 grams per tonne (g/t) silver equivalent AgEQ over 1.87 metres (m).
- Hole NOR-22-020 returned 662 g/t AgEQ over 2.33 m within a broader intercept of 145 g/t AgEQ over 22.36 m.
- Hole NOR-22-023 returned 686 grams per tone (g/t) silver equivalent (AgEQ) over 1.29 metres (m).
- Hole NOR-22-024 returned 894 g/t AgEQ over 0.5 m.

#### *Procedure, Quality Assurance / Quality Control, and Data Verification*

The diamond drill core (HQ size) was geologically logged, photographed and marked for sampling. Core designated for sampling was sawn in half with a diamond blade core saw. One-half of the core was sealed in plastic bags and shipped for analysis. The remaining half was returned to the core trays for storage and/or for metallurgical test work.

The sealed and tagged sample bags were transported to either the ActLabs facility in Zacatecas, Mexico, or the Bureau Veritas facility in Durango, Mexico where the samples were crushed and 200- to 300-gram pulp samples prepared with ninety percent passing Tyler 150 mesh (106 µm). The pulps were assayed for gold using a 30-gram charge by fire assay (Code 1A2 and/or FA450) and over limits greater than 10 grams per tonne are re-assayed using a gravimetric finish (Code 1A3 and/or FA550). Silver and multi-element analysis was completed using total digestion (Code 1F2 Total Digestion ICP). Over limits greater than 100 grams per tonne silver were re-assayed using a gravimetric finish (Code 8-Ag FA-GRAV Ag).

Quality assurance and quality control ("QA/QC") procedures monitored the chain-of-custody of the samples and included the systematic insertion and monitoring of appropriate reference materials (certified standards, blanks, and duplicates) into the sample strings. The results of the assaying of the QA/QC material included in each batch were tracked to ensure the integrity of the assay data. All results passed Silver Dollar's QA/QC protocols.

#### *New Target Development*

In the Autumn of 2022, the Company engaged TMC Exploration to conduct a ground magnetic (MAG) survey on the Coloradito area within the Noria portion of the Property. The limited MAG survey was designed to test the signature of the pyrrhotite/intrusive contact associated with the Brazo discovery mineralization and identify any extensions or replication of that signature.

The ground magnetic lines were surveyed using GPS, chain, and compass spaced at 50 or 100 metres (m) and oriented at 060° to perpendicularly cross the Brazo, Brazo East and the Coloradito intrusive contact.

Magnetic readings were collected continuously by the instrumentation over 14 lines ranging between 1.325 to 1.5 kilometres (km) for a total of approximately 19.8 km of magnetic data.

TMC provided an interpretation identifying three relatively well contrasted and thin magnetic beds striking N150°/N330° that can be differentiated to the south (namely S-1, S-2, and S-3). Each bed may sub-outcrop and appears with some continuity at depth. They may underscore, for example, sulphide and ferromagnesian rich horizons hosted along a shear zone.

- S-1: is located in a largely blind area mostly covered with caliche (hardpan) with limited outcrops of limestone and hornfels.
- S-2: in general, follows a N-S trending just off the east side of the top of Coloradito with coincident anomalies and workings.
- S-3: is coincident with the El Brazo mineralization and identifies a prospective area to the south.

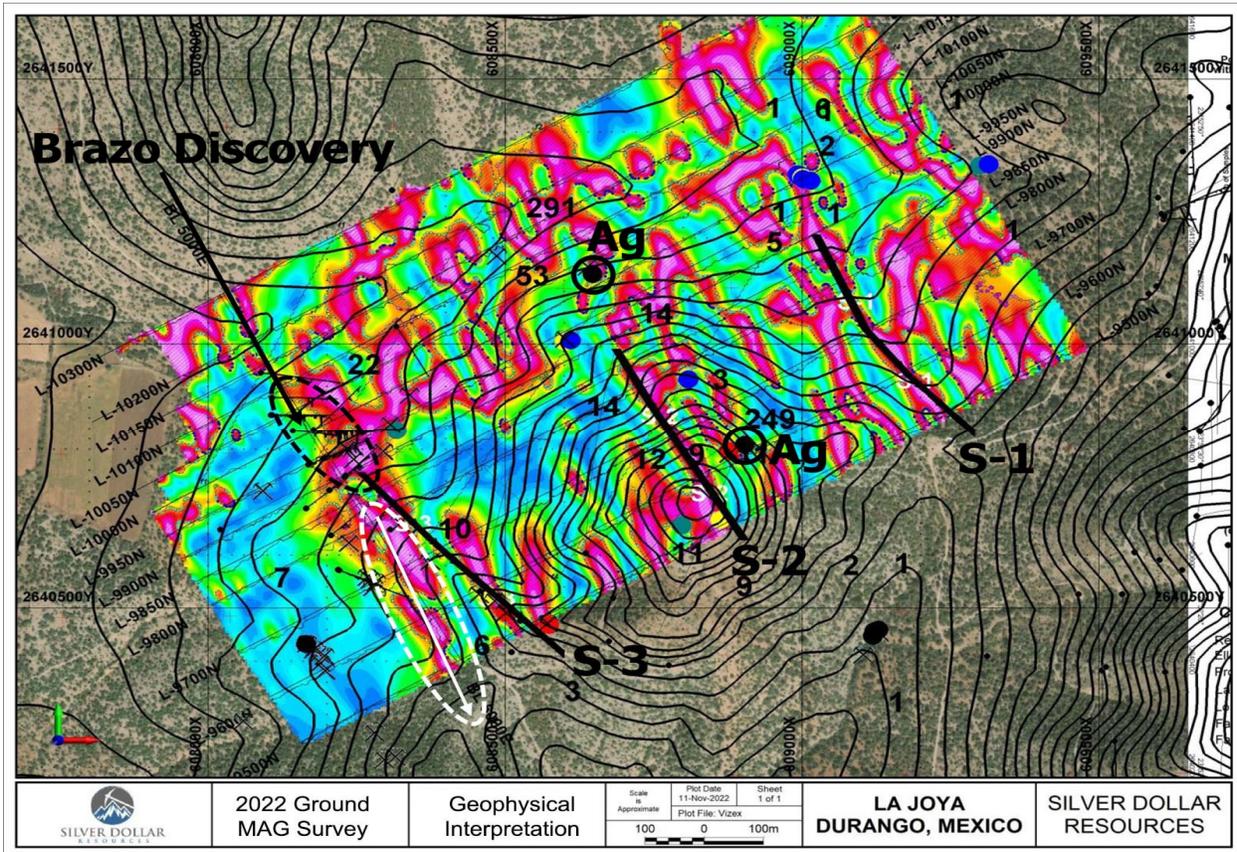


Figure 2: 2022 Brazo Discovery ground magnetic survey and geophysical interpretation

### Ground Truthing and Surface Sampling

Detailed surface mapping and sampling have been carried out with a focus on the areas identified as targets by the ground magnetic survey. A total of 125 rock samples were submitted to the lab for analysis. The results are discussed below.

On the S-2 target, mapping and sampling identified coincident alteration, mineralization, and old prospect pits and shafts. Sample assays returned values up to 291 grams per tonne (g/t) silver 0.8 g/t gold and 1.2% zinc.

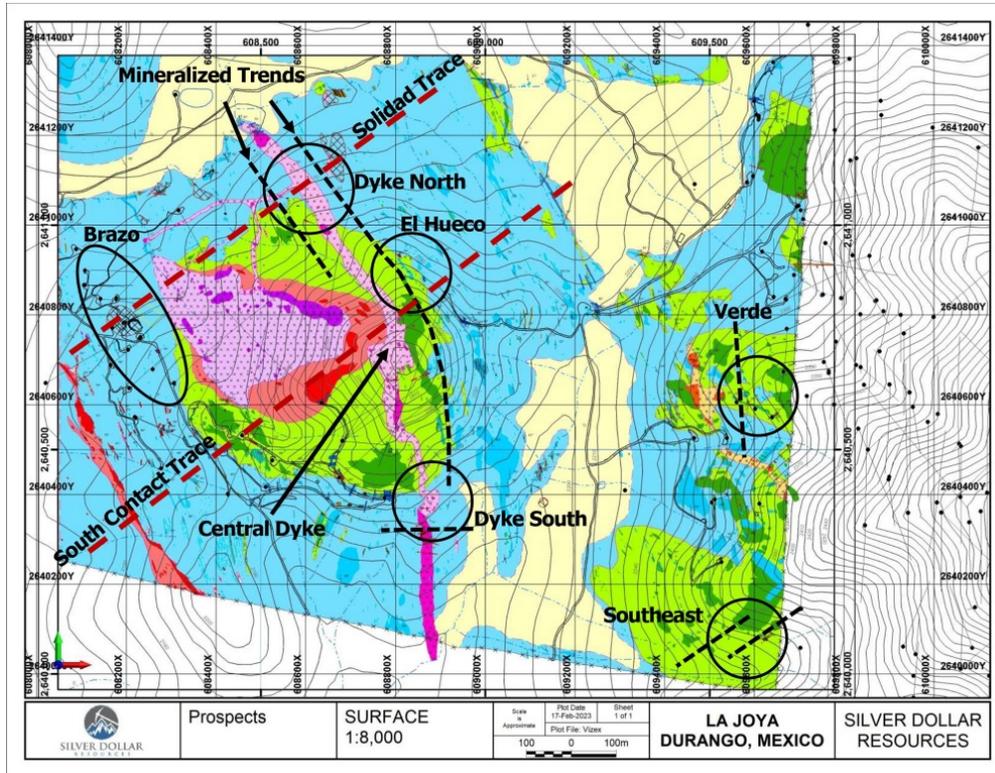
On the S-3 target, which extends from the Brazo mineralization to the south, follow-up mapping and sampling also identified alteration zones and mineralization. Seven samples returned elevated zinc (0.3%-1.0%) and lead (1.4%-6.2%).

### Data Interpretation

Silver Dollar hired Orix Geoscience to compile and integrate all historical and 2021-2022 drilling into Leapfrog to model geology and mineralization in three dimensions. Additionally, all historical surface and recent sampling programs plus geophysical signatures were integrated with 3D modeled trends. This work will aid in understanding mineralizing controls and vector exploration and drilling efforts to expand the Brazo mineralization and test for similar style mineralization proximal to and around the Coloradito intrusive contact.

## Mapping

In February 2023, the Company completed its geological mapping and sampling program to cover all of the Coloradito-Noria ground at a 1:1,000 scale.



The mapping and sampling program identified five mineralized areas (see Figure 3): the Verde and El Hueco areas were partially drilled by a previous operator, and the Dyke North, Dyke South, and South-East areas have never been drill-tested. A summary of each area follows:

Figure 3: Coloradito-Noria Mineralized Targets

### Verde Area:

Verde is a historical surface occurrence with visible copper mineralization and where three historical holes were drilled at 045° (LJ-DD-11-11, 12 & 13). The best assay results from this area were chip sample #120 that returned 415 grams per tonne (g/t) silver equivalent (AgEQ) over 0.3 metres (m), and chip sample #121 that returned 1,218 g/t AgEQ over 0.3 m. Both samples strike north and north-northwest dipping to the west. Historical hole LJ-DD-11-11 was collared near these samples but missed the surface mineralization as it was targeting a deeper area. A better understanding of this structure down dip to the west and its relation to the nearby “Dique Viejo” dyke, could provide better guidance to justify follow-up drilling of this target.

### El Hueco Area:

Hueco Grande is a significant historical working on a structure with a true width of approximately 3 m wide and mined to a depth of 15 m. Grab sample #16 was a composite sample taken over 5 m of dump material that assayed 391 g/t AgEQ. Assuming safe access into the workings can be established, proper mapping and sampling will be done. The extension of these workings could be targeted from an existing drill pad 55 m to the northeast.

### Dyke North Area:

Dyke North mineralization is located within and around the northern extension of the Central Dyke Zone. Here mineralization has been identified in three parallel zones: within the dyke, 70 m to the east of the dyke in the foot wall, and 20 m to the west in the hanging wall.

The North Hanging Wall is defined by a series of small pits over a 105 m strike length where six samples assayed 474 g/t AgEQ (dump #91), 148 g/t AgEQ over 1.5 m (chip #92), 82 g/t AgEQ over 0.6 m (chip #93), 96 g/t AgEQ over 1 m (chip #90), 113 g/t AgEQ (dump #24), and 50 g/t AgEQ over 0.6 m (chip #25). These pits all have poor and sloughed-in conditions that will be investigated further.

Mineralization within the intrusive dyke has been identified in dumps and an outcrop where a dump material sample (#80) assayed 267 g/t AgEQ, and a 0.3 m chip sample (#81) assayed 53 g/t AgEQ. Gold is elevated within the intrusive with a high of 1.88 g/t Au in sample #80. Again, exposure is limited here that will be followed up.

At the North Foot Wall, there are three pits over approximately 50 m paralleling the dyke where grab sample #83 assayed 46 g/t AgEQ, chip sample #82 assayed 453 g/t AgEQ over 1.7 m, and grab sample #23 assayed 682 g/t AgEQ. These showings are 400 m north of and on strike with Hueco Grande, with samples from three showings in between returning assays of 518 g/t AgEQ (dump #85), 165 g/t AgEQ over 1.6 m (chip #84), and 73 g/t AgEQ over 2 m (chip #22).

#### Dyke South Area:

In the South Dyke area, there is the southward extension of the mineralized trace from Hueco Grande 350 m to the north. Chip sample #35 was taken from a small working and assayed 305 g/t AgEQ over 1.8 m.

The “South Dyke Au Zone” is defined by six grab samples (#42 through #47) that returned assays of 0.40, 0.26, 0.35, 0.85, 0.56, and 0.31 g/t Au, respectively, over a 25 x 25 m area. These occur within three east-west trending shear zones exposed in a series of low-lying outcrops. Further mapping and trenching are recommended.

#### South-East Area:

The “South-East” area consists of two parallel structures approximately 100 m apart. The eastern structure is poorly exposed, with the best result coming from a chip sample (#78) that assayed 401 g/t AgEQ over 0.8 m. The western structure is defined by two collapsed prospect pits with no exposed outcrop. Hand and/or backhoe trenching across both structures could improve the understanding of this area.

#### *2023 Drilling Program*

In late January 2023, two widely spaced holes were drilled to target the untested southern extension of the Brazo structure, coincident with the S-3 MAG anomaly and near the intersection of major structures. Hole NOR-23-029 was drilled to a total depth of 336 m and intersected a broad >100 m hornfels zone with local concentrations of sulphides. Hole NOR-23-030 was drilled to a total depth of 549 m and cut through a very wide alteration zone with local sulphides throughout the entire 200-m zone. All drill core has been logged with samples from both holes shipped for assay.

#### Procedure, Quality Assurance / Quality Control, and Data Verification

The diamond drill core (HQ size) was geologically logged, photographed, and marked for sampling. Core designated for sampling was sawn in half with a diamond blade core saw. One-half of the core was sealed in plastic bags and shipped for analysis. The remaining half was returned to the core trays for storage and/or for metallurgical testwork.

The sealed and tagged sample bags were transported to the ActLabs facility in Zacatecas, Mexico, where the samples were crushed and 200- to 300-gram pulp samples were prepared

with 90 per cent passing Tyler 150 mesh (106 micrometres). The pulps were assayed for gold using a 30-gram charge by fire assay (Code 1A2 and/or FA450) and overlimits greater than 10 g/t were reassayed using a gravimetric finish (Code 1A3 and/or FA550). Silver and multielement analysis were completed using total digestion (Code 1F2 total digestion ICP). Overlimits greater than 100 g/t silver were reassayed using a gravimetric finish (Code 8-Ag FA-GRAV Ag).

Quality assurance and quality control ("QA/QC") procedures monitor the chain-of-custody of the samples and include the systematic insertion and monitoring of appropriate reference materials (certified standards, blanks, and duplicates) into the sample strings. The results of the assaying of the QA/QC material included in each batch are tracked to ensure the integrity of the assay data. All results stated in this news release have passed Silver Dollar's QA/QC protocols.

Mike Kilbourne, P.Geo., an independent Qualified Person as defined in NI 43-101, reviewed and approved the contents of the 2021-2022 drilling program overview, target development and 2023 drilling program on behalf of the Company.

#### *Key Terms of the Option*

Under the terms of the definitive agreement, Silver Dollar may exercise the first option and acquire an initial 80% interest in the subsidiary holding the La Joya Silver Project by:

- a) paying to the optionor a total of \$1,300,000 plus annual holding costs for the property, of which:
  - i) \$300,000 upon execution of the definitive agreement (paid in August 2020),
  - ii) \$200,000 on or before the first anniversary of the definitive agreement (paid in July 2021),
  - iii) \$200,000 on or before the second anniversary of the definitive agreement (paid in July 2022),
  - iv) \$300,000 on or before the third anniversary of the definitive agreement (waived pursuant to the agreement), and
  - v) \$300,000 on or before the fourth anniversary of the definitive agreement (waived pursuant to the agreement);
- b) incurring exploration expenditures on the property of not less than \$1,000,000 within three years of entering into a surface rights agreement relating to the property, but in any event within five years of the date of the definitive agreement; and
- c) issuing to the optionor, within 45 days of the date of the definitive agreement, such number of common shares of the Company as is equal to 19.9% of the then-issued and outstanding shares of Silver Dollar (issued in August 2020).

If Silver Dollar incurs at least \$1,000,000 of exploration expenditures on the property within three years of the date of the definitive agreement, the optionor will waive the third- and fourth-anniversary cash option payments described above totalling \$600,000.

In addition, the optionor will reserve a 2% net smelter returns royalty interest in all minerals produced from the property.

Within 30 days after exercising its first option, Silver Dollar may exercise its second option and acquire the remaining 20% interest in the subsidiary that owns the La Joya Silver Project by delivering notice and issuing to the optionor the number of shares as is equal to 5% of the then-issued and outstanding shares of Silver Dollar.

If Silver Dollar exercises its first option, but elects to not exercise its second option, Silver Dollar and the optionor will be deemed to have formed a joint venture with respect to the property.

The definitive agreement also includes representations, warranties and covenants customary in transactions of this nature.

### Longlegged Lake Property, Red Lake, Ontario

#### Overview

Silver Dollar owns a 100% interest in the Longlegged Lake property, subject to a 1.5% net smelter returns royalty. Located approximately 30 kilometres south of the town of Red Lake, Ontario, Canada, the 2,597-hectare property is situated in a structurally active area of the Red Lake Mining Division approximately 15 km south of the Dixie Gold property. Other active neighbours in the area include BTU Metals, who staked a large claim package adjoining the northern boundary of the property (Figure 4) to expand their Dixie-Halo property; and Golden Goliath Resources, who reported their Kwai property to the north-east of the property along the PLFZ has been found to host a repetition of the same sequence of rocks that hosts the LP Zone on the Dixie property.

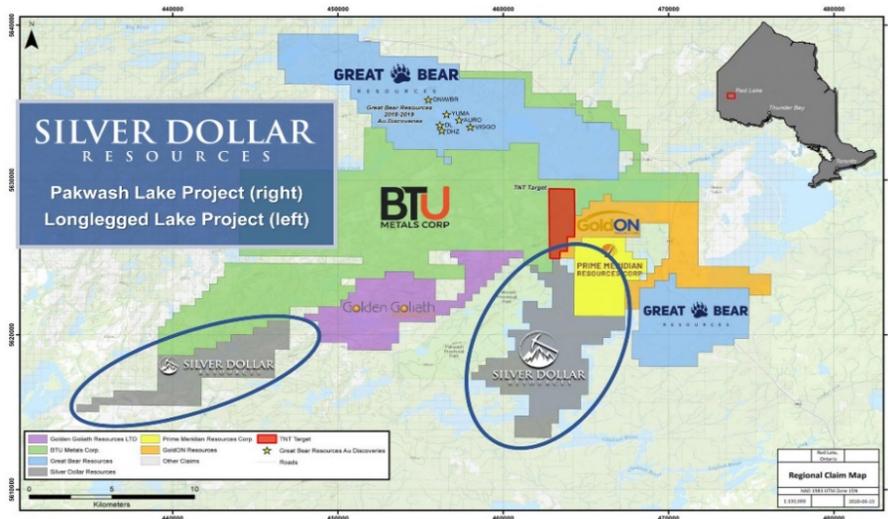


Figure 4: Location of Silver Dollar's Longlegged Lake and Pakwash Lake Properties

#### 2019 Geophysical Survey

Silver Dollar completed a heliborne high-resolution magnetic (MAG) survey on the property that identified dominant northeast-southwest MAG lineaments interpreted to be the deep-seated crustal scale Pakwash Lake Fault Zone (Figure 5).

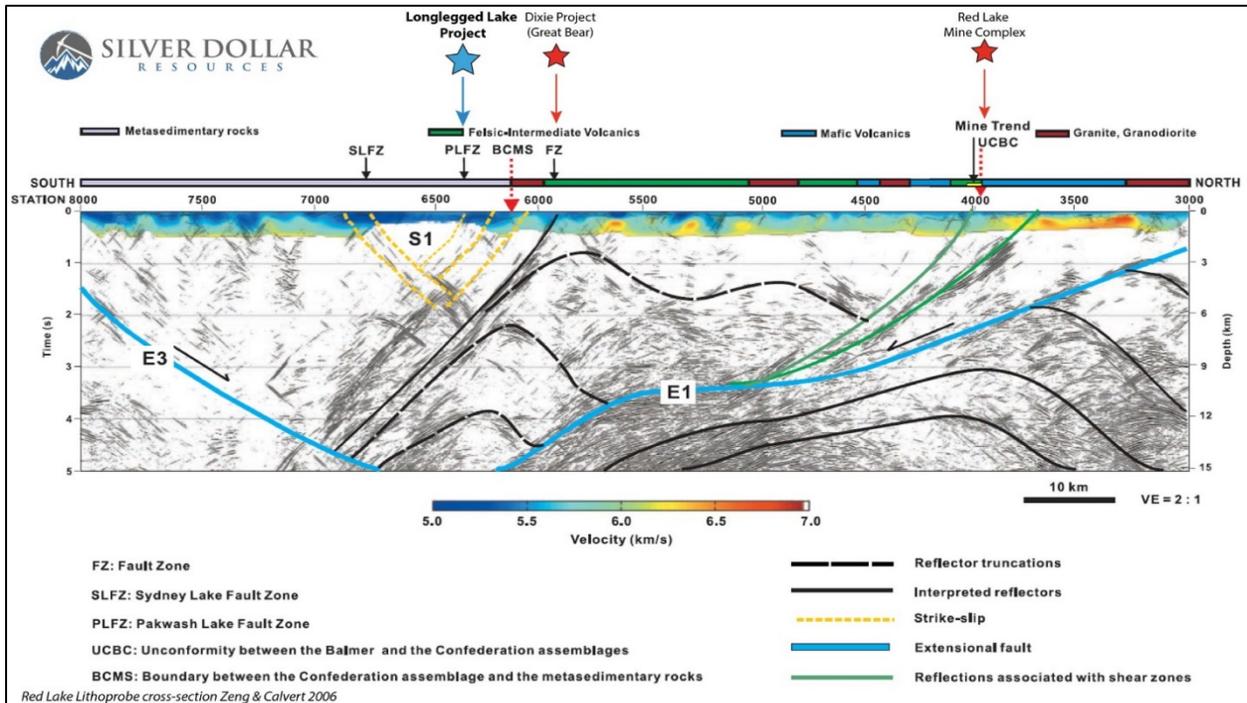


Figure 5: Deep Penetrating Regional Lithoprobe Seismic Survey

The MAG survey, which included a total of 1,837 line-kilometres on 25-meter line spacing, also identified many curved lineaments (Figure 6) which could be related to shearing and folding where dilation zones may have enabled mineralization to occur.

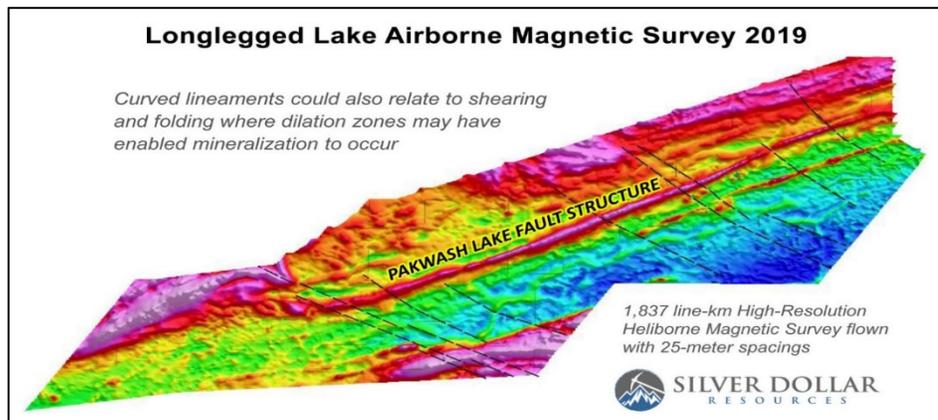


Figure 6: MAG Survey Showing Pakwash Lake Fault Zone Structure and Curved Lineaments

### 2020 Fieldwork

To further evaluate the anomalous gold in soils along the Pakwash Lake Fault Zone, Silver Dollar completed prospecting and soil sampling of areas interpreted to be prospective to host gold mineralization. A till sampling program of 30 samples was completed to assess the potential of gold in basal till down ice direction of the Pakwash Lake Fault Zone. Gold grains within the samples were classified as to their shape and size to help determine proximity to the potential source, and the results of the sampling were integrated into the exploration model.

The next phase of exploration is comprised of two areas of Induced Polarization (IP) surveying. The two grids were selected using the interpretation of the airborne magnetics. The IP survey is intended to define sulfide mineralization within or adjacent to the Pakwash Lake Fault Zone. In other locations within the Red Lake area, sulfide mineralization is associated with gold values. The property is fully permitted for exploration and drilling.

Mike Kilbourne, P. Geo, an independent qualified person as defined in NI 43-101, has reviewed and approved the technical contents herein.

## Pakwash Lake Property, Red Lake, Ontario

### Overview

Silver Dollar owns a 100% interest in the Pakwash Lake property, subject to a 1.5% net smelter returns royalty. Located approximately 30 kilometres (km) south-southeast of the town of Red Lake, Ontario, Canada, the 4,252-hectare property is situated in a structurally active area of the Red Lake Mining Division where exploration activity was re-energized with the success of Great Bear (now owned by Kinross Gold) and the numerous high-grade gold discoveries on the Dixie property located ~7.5 km to the north. Other active neighbours in the area include BTU Metals who have been drilling untested IP anomalies on their Dixie Halo property for potential base metals (Cu-Zn) as well as gold and silver at their prospect called the TNT Target near the northern boundary of the Pakwash Lake property (see Figure 4).

A high-resolution airborne magnetic (MAG) survey completed by Laurentian Goldfields in 2011 identified the numerous geophysical features on the property including two dominant east-west trending MAG lineaments. These lineaments are interpreted to be the Pakwash Lake Fault Zone and Sydney Lake Fault Zone. These faults are considered deep-seated crustal-scale features from a 2006 deep penetrating regional lithoprobe seismic survey and important markers for exploration in the region (Figure 5) and warrant further investigation.

The Pakwash Lake and Sydney Lake faults and splays run through the property (Figure 7) and orogenic gold deposits are typically associated with crustal-scale fault structures, although the most abundant gold mineralization is hosted by lower-order splays from these major structures (Kerrich et al. 2000). The property is fully permitted for exploration and drilling.

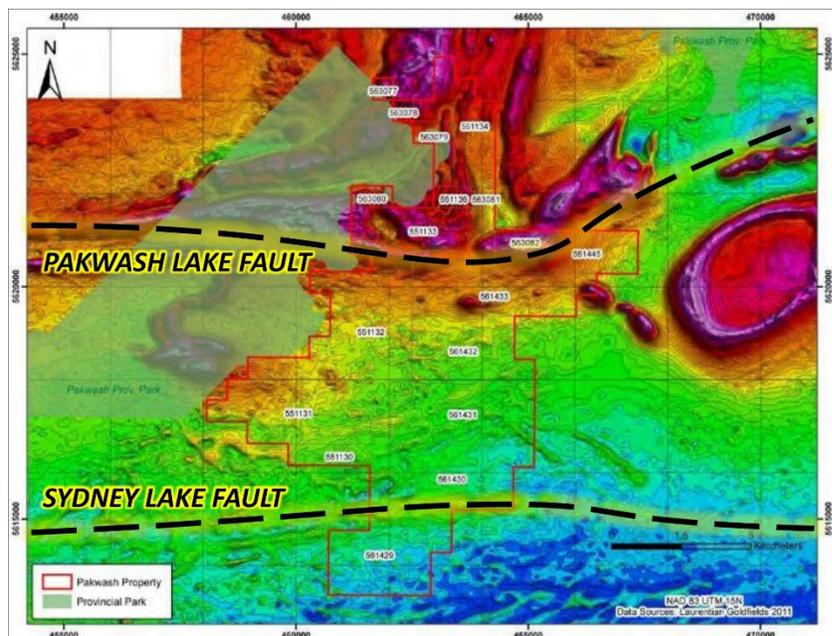


Figure 7: 2011 MAG Survey with Interpreted Tracing of the PLFZ and SLFZ Structures Crossing the Property

Mike Kilbourne, P. Geo, an independent qualified person as defined in NI 43-101, has reviewed and approved the technical contents herein.

## Outstanding Share Data

As of the date hereof, the Company has 41,897,237 common shares issued and outstanding.

Also as of the date hereof, the Company has options outstanding which may be exercised to purchase a total of 2,750,000 shares. Of this total, 200,000 options may be exercised at \$0.15

per share until October 23, 2024, 400,000 options may be exercised at \$0.59 per share until June 26, 2025, 1,850,000 options may be exercised at \$1.75 per share until December 14, 2025, and 300,000 options may be exercised at \$1.75 per share until March 9, 2026.

## **Transactions with Related Parties**

During the first half of its 2023 financial year, the Company paid \$30,000 to Anacott Capital Corporation, a corporation controlled by the Company's Chief Executive Officer in respect of the management and administration of the Company.

## **Changes in Accounting Policies Including Initial Adoption**

The following standard was adopted by the Company effective September 1, 2022, but had no material impact on these financial statements:

### *Amendment to IAS 1: Presentation of Financial Statements*

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

## **Financial Instruments and Other Instruments**

The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these instruments unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company monitors and manages the risks relating to its financial instruments through analysis of exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk.

### **Credit risk**

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. As of February 28, 2023, such contractual obligations comprised cash held with high creditworthy financial institutions in the amount of \$5,888,744. Management considers this risk to be negligible.

### **Liquidity risk**

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. As of February 28, 2023, the Company had working capital of \$6,280,258. Management anticipates that the Company will be able to meet its obligations as they become due.

### **Market risk**

Market risk is the risk that the fair value of a financial instrument will fluctuate because of currency risk, interest rate risk and other price risk. Management considers this risk to be negligible.

### *Currency risk*

Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and Mexico and incurs operating and exploration expenditures in Canadian dollars, Mexican Pesos and United States dollars. The fluctuation of the Canadian dollar in relation to other currencies will have an

impact upon the results of the Company. The Company does not hold substantial funds in foreign currencies, and only a small amount of its accounts payable and accrued liabilities is denominated in foreign currencies. A fluctuation in the exchange rates between Canadian dollars and Mexican Pesos of 10% would result in a \$7,200 change in the Company's cash and a \$288,600 change in net assets. The Company does not use any techniques to mitigate currency risk.

*Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. Management considers this risk to be negligible.

**Fair Value Hierarchy**

Financial instruments recorded at fair value in the Condensed Consolidated Interim Statements 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:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Cash is measured using Level 1 of the fair value hierarchy.

**Other Information**

Additional information relating to the Company is available from the Company's website at <https://silverdollarresources.com> and on SEDAR at [www.sedar.com](http://www.sedar.com).

ON BEHALF OF THE BOARD

/s/ Michael Romanik  
Michael Romanik, President