



**Cascada Silver Corp.**

**Management's Discussion & Analysis**

**Period from August 25, 2020 (Incorporation)  
to June 30, 2021**

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**Interim Management Discussion & Analysis**  
**For the Period from August 25, 2020 (Incorporation) to June 30, 2021**  
**Dated: October 28, 2021**

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## **Introduction**

The following interim Management's Discussion & Analysis ("MD&A") of Cascada Silver Corp. (the "Company") has been prepared to provide material updates to the Company's business operations, liquidity and capital resources.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The MD&A of the Company's operating results and financial condition for the period from August 25, 2020 (incorporation) to June 30, 2021 should be read in conjunction with the Company's audited consolidated financial statements for the period from August 25, 2020 (incorporation) to June 30, 2021. The Company's audited consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The information contained herein is presented as of October 28, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the Company's website at <https://www.cascadasilver.com> or from [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward Looking Statements**

This MD&A contains forward-looking statements, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to: plans for the evaluation of exploration properties; the success of evaluation plans; the success of exploration activities; mine development prospects; and, potential for future metals production. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "planning", "expects" or "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: changes in economic parameters and assumptions; all aspects related to the timing of exploration activities and receipt of exploration results; the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; the results of regulatory and permitting processes; future metals price; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; labour disputes and other risks of the mining industry; the results of economic and technical studies; delays in obtaining governmental approvals or financing or in the completion of exploration; as well as those factors disclosed in the Company's publicly filed documents.

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

### **NI 43-101 Technical Disclosure**

The Qualified Person, as defined by National Instrument 43-101 of the Canadian Securities Administrators, for the Company's exploration activities is Sergio Diaz, a resident of Santiago, Chile. Mr. Diaz is a Public Registered Person for Reserves and Resources N° 51, in Chile and is also registered in the Colegio de Geólogos de Chile under N° 315. Mr. Diaz has approved the technical disclosure in this MD&A.

### **Description of Business**

The Company was incorporated under the Ontario Business Corporations Act on August 25, 2020. On October 2, 2020, the Company continued its incorporation to the province of British Columbia.

The Company is in the business of exploration and evaluation of mineral properties in South America. The address of the Company's corporate office and principal place of business is 25 Adelaide Street East, Suite 1900, Toronto, Ontario, Canada.

The Company's common shares began trading on the Canadian Securities Exchange ("CSE") on March 12, 2021 under the symbol "CSS".

### **Overall Performance**

The Company is an exploration stage issuer engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. As such, the Company has not had any revenues since inception. The Company does not expect to generate any revenues in the foreseeable future. The Company expects to continue to incur expenses as work is performed to explore and develop its mineral properties.

The Company is in the process of exploring mineral properties which do not contain reserves that are economically recoverable. The Company's future performance is largely tied to the outcome of future exploration and the overall financial markets.

The recoverability of minerals from the Company's mineral properties is dependent upon, among other things, the discovery of economically recoverable reserves, the Company's ability to obtain necessary financing to continue to explore and develop its mineral properties, and upon future profitable production. Uncertainty in financial markets has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company's mineral properties, without diluting the interests of Company's current shareholders.

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**Exploration and Evaluation Assets**

The Company's exploration and evaluation asset activities were as follows:

	<b>Agua Amarga Project</b>	<b>Gema Concessions</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, August 25, 2020 (incorporation)	-	-	-
Acquisition	52,120	82,739	134,859
Field exploration	579,970	254,081	834,051
Other exploration	98,891	64,522	163,413
Foreign exchange differences	(16,993)	(10,560)	(27,553)
Exploration and evaluation assets written off	(713,988)	(390,782)	(1,104,770)
<b>Balance, June 30, 2021</b>	-	-	-

Agua Amarga Project

On September 30, 2020, the Company, through its wholly-owned Chilean subsidiary, Atacama Silver SpA ("Atacama Silver"), entered into an option agreement with Aragonita Asesorias Ltda. ("Aragonita"), an arm's length Chilean company, to acquire a 100% interest in the Agua Amarga Project in Region III, Chile. The Agua Amarga Project included the Barrick Claims and the Lourdes Claims.

Pursuant to the terms of the option agreement, the Company was required to:

- make a cash payment of US\$40,000 on signing (paid);
- make a cash payment of US\$80,000 and incur US\$250,000 of exploration expenditures by August 31, 2021;
- make a cash payment of US\$180,000 and complete 2,500 metres of drilling by August 31, 2022;
- make a cash payment of US\$250,000 by August 31, 2023; and
- make a cash payment of US\$1,950,000 and complete 10,000 metres of drilling by August 31, 2024.

The Agua Amarga Project was subject to:

- a net smelting return ("NSR") of 1% over precious metals and 5% base metal net profit interest on the Barrick Claims payable to Barrick Chile Limitada; and
- a 1% NSR on the Barrick Claims and 2% NSR on the Lourdes Claims payable to Aragonita.

The Company could purchase 0.5% of the Barrick Claims NSR and 1% of the Lourdes Claims NSR for US\$2,000,000 until one year after the start of commercial production.

The Agua Amarga Project comprised 1,465 hectares located approximately 30 kilometres south of the City of Vallenar and 80 kilometres by road to the Huasco seaport, in the Atacama Region in northern Chile. No historical resource or mineral reserve estimates are present on the property.

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In June 2021, a reverse circulation drilling program was completed with four drill holes targeting the down dip extensions of the silver-bearing veins which had been mined during the 1800's. As announced on July 21, 2021, the reverse circulation drilling program returned elevated zinc assay results including 3.4% zinc over 2 metres in drill hole RCAA-03 but returned no significant silver results. Drill hole RCAA-03 cut the targeted mineralized structure at a depth of 120 metres; however the system had transitioned from the near surface, historically mined silver mineralization to base metal mineralization (zinc) at depth. On August 31, 2021, the Company terminated the Agua Amarga option agreement after a review of the results from its recent exploration activities determined that the historically mined silver-rich veins had minimal economic potential. Accordingly, the Company wrote off the capitalized exploration and evaluation assets associated with the Agua Amarga Project of \$713,988 as at June 30, 2021.

#### Gema Concessions

On September 30, 2020, the Company, through Atacama Silver, entered into an assignment agreement with SBX Asesorías e Inversiones Limitada, an arm's length Chilean company ("SBX"), to acquire a 100% interest in the Gema concessions, located in Region III, Chile. The Gema concessions include three projects, Marilyn, El Gringo and Guanaca, that were originally optioned to SBX by arm's length Chile optionors.

Pursuant to the terms of the assignment agreement, the Company was required to:

- make a cash payment of US\$15,000 by March 15, 2021 (paid);
- make a cash payment of US\$60,000 by June 15, 2021; (\$50,000 paid)
- make a cash payment of US\$90,000 by September 15, 2021;
- make a cash payment of US\$45,000 by January 15, 2022;
- make a cash payment of US\$300,000 by September 15, 2022;
- make a cash payment of US\$825,000 by July 15, 2023;
- make a cash payment of US\$1,290,000 by May 15, 2024; and
- make a cash payment of US\$1,154,000 by March 15, 2025.

The Gema concessions were subject to a 1% NSR on the Marilyn project, 1.5% NSR on the El Gringo project and 1.5% NSR on the Guanaca project. The Company could purchase a 0.5% NSR on each project for US\$1,000,000 each.

The three Gema properties were located northeast of Copiapo, Chile. Historically, all were exploited by small scale artisanal miners. There were no records of drilling activities on any of the concessions.

No historical resource or mineral reserve estimates were present on the properties.

After a review of the project's potential, the low priority Guanaca project, was returned to the vendor on June 15. The Issuer had not conducted any significant fieldwork on the project.

At the Marilyn project, an underground exploration adit was completed with the adit driven along 40 metres of the Marilyn vein structure exposing a 0.90 to 1.50 metre wide zone of oxidized quartz carbonate veining in June 2021. However no significant assay results were obtained and these results likely defined the lower depositional limit of the Marilyn gold silver copper vein mineralization between the level of the adit and the 2950 metre level. On September 15, 2021, the Gema concessions option agreement was allowed to expire. While the Company's recent work identified significant mineralization on the Marilyn project, the potential for the discovery of an economic mineral deposit was considered limited at both the Marilyn project and El Gringo project. Accordingly, the Company wrote off the capitalized exploration and evaluation assets associated with the Gema concessions of \$390,782 as at June 30, 2021.

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**Results of Operations Selected Annual Information**

	<b>Period from Incorporation (August 25, 2020) to June 30, 2021</b>
	<b>\$</b>
Total assets	2,642,798
Total liabilities	(322,611)
Working capital**	2,320,187
Expenses	1,885,898
Net loss	(1,883,835)
Net loss per share, basic and diluted	(0.08)

\*\* defined as current assets, less current liabilities

	<b>Period from August 25, 2020 (Incorporation) to June 30, 2021</b>
	<b>\$</b>
<b>Expenses</b>	
Management fees	105,234
Professional fees	54,968
General and administrative	37,087
Transfer agent	26,794
Share-based payments	174,200
Investor relations	114,921
Filing fees	45,667
Foreign exchange loss	158,880
Write-off of exploration assets	1,168,147
Interest income	(2,063)
<b>Net loss for the period</b>	<b>(1,883,835)</b>

Period from August 25, 2020 (Incorporation) to June 30, 2021

Net loss of \$1,883,835 consisted primarily of: write-off of exploration assets of \$1,168,147; management fees of \$105,234; professional fees of \$54,968; and investor relations of \$114,921; All other expenses related to general working capital purposes

The professional fees, transfer agent expenses and filing fees relate to the Company's initial public offering which resulted in the Company's common shares starting to trade on the CSE on March 12, 2021. The foreign exchange loss is associated with holding US dollar cash balances as the Canadian dollar strengthened vis a vis the US dollar.

The share based payments relate to the grant of 300,000 stock options to Mars Investor Relations Inc. ("Mars") and 3,625,000 stock options to directors, officers and consultants in March 2021. Each Mars option entitles Mars to acquire one common share at \$0.15 until 30 days after the termination of the Mars investor

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relations agreement. Each of the options issued to directors, officers and consultants entitles the holder to acquire one common share at \$0.15 until June 30, 2024.

**Selected Quarterly Information**

Three Months Ended June 30, 2021

During the three months ended June 30, 2021, the Company incurred a net loss of \$1,235,776 consisting primarily of: write-off of exploration assets of \$1,168,147 and expenses related to general working capital purposes

A summary of selected information for each of the quarters presented below is as follows:

For the Period Ended	Revenue (\$)	Net Loss		Total assets (\$)
		Total (\$)	Basic and diluted earnings per share (\$)	
2021 – June 30	Nil	(1,235,776)	(0.04)	2,642,798
2021 – March 31	Nil	(423,440)	(0.02)	4,044,245
2020 – December 30	Nil	(213,629)	(0.00)	4,184,398
2020 – September 30	Nil	(10,990)	(0.00)	224,193

**Liquidity and Capital Resources**

As at June 30, 2021, the Company had working capital of \$2,320,187.

On October 13, 2020, the Company issued 15,000,000 units ("Units") at \$0.01 per Unit for gross proceeds of \$150,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per common share until March 11, 2024. The Company's key management subscribed for 3,550,000 Units in the financing.

On October 15, 2020, the Company issued 44,890,000 special warrants ("Special Warrants") at \$0.10 per Special Warrant for gross proceeds of \$4,489,000. Each Special Warrant was exercisable for one unit ("SW Unit") consisting of one common share and one common share purchase warrant ("SW Warrant"). Each SW Warrant entitled the holder to purchase one common share at an exercise price of \$0.15 per common share at any time until March 11, 2024. In the event that the listing and posting for trading on a recognized Canadian exchange was not completed by February 12, 2021, each Special Warrant holder was entitled to receive, at no additional consideration, one-and-one-tenth SW Units (instead of one SW Unit). The Company incurred \$441,817 of cash issuance cost and issued 3,591,200 broker warrants. Each broker warrant will entitle the agent to purchase one SW Unit at a price \$0.10 per SW Unit until September 11, 2022.

The Company's common shares were not listed and posted for trading on a recognized Canadian exchange by February 12, 2021. As a result, each Special Warrant holder was entitled to receive, at no additional consideration, one and-one-tenth SW Units (instead of one SW Unit) when exercised. On March 12, 2021, the Company's common shares began trading on the CSE and the 44,890,000 Special Warrants were converted into 49,379,000 SW Units.

On March 12, 2021, the Company issued 281,000 units ("IPO Units") at \$0.10 per IPO Unit for gross proceeds of \$28,100. Each IPO Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per common share at any time up to March 11, 2024.

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The Company has sufficient cash on hand from its two financings completed in October 2020 for the next twelve months to cover its planned activities.

### **Related Party Transactions**

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel include directors and officers.

During the period from August 25, 2020 (incorporation) to June 30, 2021, share-based payments to key management personnel totaled \$92,579.

During the period from August 25, 2020 (incorporation) to June 30, 2021, the Company's CEO, key management subscribed for a total of 3,550,000 units in the October 2020 financing (note 9(b)).

During the period from August 25, 2020 (incorporation) to June 30, 2021, consulting fees of \$32,570 were paid to 2208932 Ontario Inc., a Company controlled by the Company's Chief Financial Officer. As at June 30, 2021, \$nil was included in accounts payable and accrued liabilities with respect to these fees.

During the period from August 25, 2020 (incorporation) to June 30, 2021, consulting fees of \$50,094 were paid to Swansea Holdings Inc., a Company controlled by the Company's Chief Executive Officer. As at June 30, 2021, \$nil was included in accounts payable and accrued liabilities with respect to these fees.

### **Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements as at June 30, 2021 or as of the date of this MD&A.

### **Proposed Transactions**

As of the date of this MD&A, there were no proposed transactions.

### **Economic Conditions**

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- Demand for gold and the ability to carry out mineral exploration;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government and provincial governments and the Chilean federal government have not introduced measures that have significantly impeded the Company's operational activities. Management believes the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results and condition in future periods.



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### **Subsequent Events**

Subsequent to June 30, 2021, the Company granted 2,225,000 stock options, comprised of 1,400,000 granted to directors and officers of Cascada, and 825,000 options to consultants of the Company. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.05 until October 15, 2024.

### **Disclosure Controls and Procedures**

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at June 30, 2021. Although certain weaknesses such as lack of segregation of duties are inherent with small office operations, management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions and budgets to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to it in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

### **Limitations of Controls and Procedures**

It must be recognized that any implemented system of disclosure controls and procedures or internal controls over financial reporting can only provide reasonable and not absolute assurance that the objectives of the control system are met. While designing such control systems, resource constraints cannot be ignored and the benefits of controls must be considered relative to their costs. All control systems are subject to limitations and as such, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Breakdowns within the system can occur due to simple human error or mistakes. Furthermore, controls can be circumvented by individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **Risk Factors**

The Company is engaged in mineral exploration and related activities which, by their nature, are speculative due to the high-risk nature of the business and the present stage of its properties. The Company's operations and financial performance are subject to the normal risks of mineral exploration and are subject to various factors which are beyond the control of the Company. The Company is engaged in mineral exploration activities which, by their nature, are speculative due to the high-risk nature of the Company's business. Consequently, the Company's common shares should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect the Company's future financial results and could cause actual results and events to differ materially from those described in forward-looking statements and forward-looking information relating to the Company or the business, property or financial results, any of which could cause investors to lose part or all of their investment in the Company.

Please refer to the section entitled "Risk Factors" in the Company's filing statement dated March 11, 2021 and filed under the Company's issuer profile on [www.sedar.com](http://www.sedar.com).