



**SILVER HAMMER**  
MINING CORP.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE SIX MONTHS ENDED MARCH 31, 2024**

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## **INTRODUCTION**

This Management Discussion and Analysis (the “MD&A”) of Silver Hammer Mining Corp.’s (“Silver Hammer” or the “Company”) financial position and results of operations for the six months ended March 31, 2024 is prepared as at May 30, 2024. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the six months ended March 31, 2024. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **FORWARD-LOOKING INFORMATION**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under “Risks and Uncertainties” as well as in our public filings available at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

## **COMPANY OVERVIEW**

The Company was formed on May 2, 2017 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 206-595 Howe Street, Vancouver, British Columbia, Canada.

The Company’s common shares are listed on the Canadian Securities Exchange under the symbol “HAMR”.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2024, the Company holds interests in early-stage mineral exploration properties located in the United States and the Company has not yet determined whether the Company's mineral property assets contain a deposit of minerals that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company has four wholly-owned subsidiaries, Silver Strand Exploration Corp. ("Silver Strand"), 123456 US Inc. ("123456 US"), 1304562 BC Ltd. ("BCCO"), and 1304562 Nevada Ltd. ("1304562 Nevada"). Silver Strand and 123456 US became wholly-owned subsidiaries on June 16, 2021. BCCO and 1304562 Nevada became wholly-owned subsidiaries on September 2, 2021.

### **EXPLORATION AND EVALUATION ASSETS**

There has been no new technical information disclosed by the Company since the September 30, 2023 annual filing.

#### **Silver Strand Project**

The Silver Strand Project is in the Coeur d'Alene mining district in Idaho. Located in north Idaho's Silver Valley along Interstate 90, the district has been a significant producer of silver globally, with an aggregate total of more than 1.2 billion ounces of silver being recovered since the late 1880's, along with major quantities of lead and zinc. Presently operating underground mines are exploiting orebodies up to 1,800 meters below surface.

#### **Asset Purchase Agreement with Silver Strand Development LLC**

On June 16, 2021, the Company completed the acquisition (the "SS Acquisition") of all the issued and outstanding securities of Silver Strand. As a result of the SS Acquisition, the Company, through its' wholly owned subsidiary 123456 US, entered into an asset purchase agreement with a third party, Silver Strand Development LLC ("SSD"), (the "SSD Agreement") to acquire a 100% interest in certain mineral claims (the "SSD Claims") located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000 to SSD for the transfer of the title to 123456 US of the SSD Claims (the "Transfer of Title") (paid);
- Pay US\$25,000 to SSD within 5 business days of the SS Acquisition (paid – \$31,171);
- Issue 200,000 common shares of the Company to SSD at the date of the SS Acquisition (issued with fair value of \$50,000);
- Pay US\$25,000 to SSD on the anniversary following the completion of the SS Acquisition (paid – \$32,371); and
- Issue 200,000 common shares of the Company to SSD on the anniversary following the completion of the SS Acquisition (issued with a fair value of \$73,000).

On January 9, 2024, the Company announced that it has received the acknowledgement from the US Forest Service ("USFS"), subject to the payment of a reclamation bond, that the Plan of Operations application applied for on April 5, 2023, was approved. Please refer to the press release dated April 11, 2023 on [www.sedarplus.ca](http://www.sedarplus.ca) for further details.

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The Company incurred the following acquisition and deferred exploration costs, which were capitalized as exploration and evaluation assets on the Silver Strand Project during the six months ended March 31, 2024 and 2023:

	For the six months ended	March 31, 2024	March 31, 2023
		\$	\$
<b>Deferred exploration costs</b>			
- Assays and analysis		-	453
- Drilling		-	13,604
- Field		-	2,158
- Field office administration		-	6,394
- Geological		10,230	161,370
		<b>10,230</b>	<b>183,979</b>

As of March 31, 2024, the carrying value of the Silver Strand Project is \$4,854,084.

**Outlook**

The Company received the acknowledgement from the United States Forest Service in January 2024, subject to the payment of a reclamation bond. Silver Hammer will review the project as per the Plan of Operations for a potential upcoming exploration plan in 2024, which could include up to 1,200 meters of drilling and 8 exploration drill holes. Silver Strand is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

**Eliza Silver Project and Silverton Silver Project**

On September 2, 2021, the Company completed the acquisition (the “BCCO Acquisition”) of all the issued and outstanding securities of BCCO. As a result of the BCCO Acquisition, the Company now owns a 100% interest in the Eliza Silver Project and the Silverton Silver Project.

**Eliza Silver Project**

The Eliza Silver Project is located in the general area of the Hamilton silver mining district in western White Pine County, Nevada. A number of small high-grade silver mines and prospects were developed in the district in the late 1800’s.

During the year ended September 30, 2022, the Company entered into an asset purchase agreement with Treasure Hill Resources LLC (“TH Resources”) to acquire certain patented mining claims and associated property rights in White Pine County, Nevada (the “California Patent”) with an amount of \$31,263 (US\$25,000). TH Resources will retain a 1% NSR from the production of minerals from the California Patent.

On January 9, 2024, the Company provided an updated on the Eliza Silver Project including its continued plans to advance its permitting efforts with the USFS and anticipates receiving approval of its Plan of Operations application in the second quarter of 2024. The application was originally submitted on April 26, 2023. Please refer to the press release dated May 2, 2023 on [www.sedarplus.ca](http://www.sedarplus.ca) for further details.

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The Company incurred the following acquisition and deferred exploration costs, which were capitalized as exploration and evaluation assets on the Eliza Silver Project during the six months ended March 31, 2024 and 2023:

	For the six months ended	March 31, 2024	March 31, 2023
		\$	\$
<b>Deferred exploration costs</b>			
- Consulting		9,575	32,586
- Geological		956	17,595
		<b>10,531</b>	<b>50,181</b>

As of March 31, 2024, the carrying value of the Eliza Silver Project is \$1,742,037.

**Outlook**

The Company anticipates receiving the Plan of Operations permit from the United States Forest Service in 2024, which was submitted in April 2023. Silver Hammer will review the project as per the Plan of Operations for a potential upcoming exploration plan in 2024, which would include up to 2,100 meters of drilling and 17 drill sites. Eliza is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

**Silverton Silver Project**

The Silverton Project is located in south-central Nevada about 100 kilometers southwest of the Eliza Project. The Company's original six-claim mineral property covers the historic Silverton mine, a small 19<sup>th</sup> century producer of silver.

During the year ended September 30, 2022, the Company made a reclamation deposit of US\$22,600 as collateral for the project in the event of future operations. As of March 31, 2024, the balance of the reclamation deposit was \$30,600 (US\$22,600) (September 30, 2023 – \$30,687 (US\$22,600)).

On January 9, 2024, the Company provided an updated on the Silverton Project. The Silverton mine silver project remains permitted since March 2022, which will allow the Company up to 13 drill site, 8,530 feet of drilling, 3,248 feet of constructed road and 200 feet of overland travel covering 2.35 acres of surface disturbance. The Company's plan is to test areas around the existing mine.

The Company incurred the following acquisition and deferred exploration costs, which were capitalized as exploration and evaluation assets on the Silverton Silver Project during the six months ended March 31, 2024 and 2023:

	For the six months ended	March 31, 2024	March 31, 2023
		\$	\$
<b>Deferred exploration costs</b>			
- Field		-	2,250
- Geological		-	11,928
		-	<b>14,178</b>

As of March 31, 2024, the carrying value of the Silverton Silver Project is \$1,486,164.

**Outlook**

In 2024, the Company will review the existing exploration program and determine next steps, which may or may not include a drill program. The project is currently permitted for up to 2,600 meters of drilling and 13 drill sites. Silverton is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

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**SELECTED INFORMATION**

	For the six months ended		
	March 31, 2024	March 31, 2023	March 31, 2022
	\$	\$	\$
Operating expenses	1,098,155	1,126,871	849,411
Interest and miscellaneous income	-	-	-
Net loss for the period	(1,098,155)	(1,126,871)	(849,411)
Comprehensive loss for the period	(1,106,786)	(1,167,363)	(866,972)
Basic and diluted loss per share:			
- net loss	(0.02)	(0.02)	(0.02)

As at	March 31, 2024	September 30, 2023	September 30, 2022
	\$	\$	\$
Working capital (deficit)	(315,834)	801,882	1,371,934
Total assets	8,370,877	9,430,540	9,350,541
Total liabilities	571,217	524,094	352,723
Share capital	12,405,539	12,405,539	11,281,349
Deficit	6,864,550	5,766,395	3,805,996

The decrease in operating expenses during the six months ended March 31, 2024, compared to the six months ended March 31, 2023, was mainly due to the decrease in consulting fees, general and administrative, investor relations and promotions, professional fees and share-based payments, which was partially offset by the increase in project evaluation costs. The increase in operating expenses during the six months ended March 31, 2023, compared to the six months ended March 31, 2022, was mainly due to the increase in general and administrative and share-based payments which was partially offset by the decrease in investor relations and promotion and professional fees.

The decrease in working capital during the six months ended March 31, 2024 was due to the decrease in total assets as the share purchase agreement for the Shafter Silver Property was terminated. As such the transaction costs of \$574,999 which had initially been recorded as deferred acquisition costs were expensed as project evaluation costs during the six months ended March 31, 2024. The decrease in working capital during the six months ended March 31, 2023 was mainly due to the increase in operating activities.

The increase in liabilities as of March 31, 2024, compared to September 30, 2023 and 2022, was mainly related to the costs, which remained unpaid as of March 31, 2024, incurred on the proposed transaction with Aurcana Silver Corporation.

There is no seasonality to these variations, nor are they indicative of any trend. The Company has no operating revenue and relies primarily on financing activities to fund its activities. There have been no distributions or cash dividends declared for the periods presented.

**SUMMARY OF QUARTERLY INFORMATION**

	Three months ended			
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	\$	\$	\$	\$
Interest income	-	-	-	-
Net loss	(796,269)	(301,886)	(289,297)	(544,231)
Comprehensive loss	(730,217)	(376,569)	(206,370)	(614,724)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three months ended			
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	\$	\$	\$	\$
Interest income	-	-	-	-
Net loss	(837,741)	(289,130)	(639,373)	(550,847)
Comprehensive loss	(839,947)	(327,416)	(477,167)	(506,133)
Basic and diluted loss per share	(0.02)	(0.00)	(0.01)	(0.01)

All the Company's resource properties are in the exploration stage. The Company has not had revenue from inception and does not expect to have revenue in the near future. The Company's operating results are not seasonal in nature and have been mainly attributed to the amount of business activities. The expenses incurred in the presented periods above are relatively constant. The increase in net loss during the three months ended March 31, 2024 was mainly due to the termination of the Shafter Silver Property share purchase agreement as the initial transaction costs that had been recorded as deferred acquisition costs were expensed as project evaluation costs. The increase in net loss during the three months ended March 31, 2023 was mainly due to recognition of the share-based payments and one-time placement fees paid for appointing the Chief Executive Officer of the Company. The increase in net loss during the three months ended September 30, 2022 was mainly due to recognition of the impairment loss of the exploration and evaluation assets.

**RESULT OF OPERATIONS**

***Three Months Ended March 31, 2024 compared with the Three Months Ended March 31, 2023***

The Company is in the exploration stage and has no revenue from operations. During the three months ended March 31, 2024, the Company recorded a net loss of \$796,269, a decrease of \$41,472, compared to a net loss of \$837,741 for the three months ended March 31, 2023.

The decrease in net loss during the three months ended March 31, 2024, is primarily due to the decrease in consulting fees, general and administrative, investor relations and promotion, professional fees and share-based payments offset by the increase in project evaluation costs.

Consulting fees were \$65,000 for the three months ended March 31, 2024 compared to \$76,000 for the three months ended March 31, 2023. The decrease of \$11,000 is related to the decrease in corporate advisory services provided by two consultants who agreed to reduced monthly consulting fees.

General and administrative were \$13,316 for the three months ended March 31, 2024 compared to \$117,722 for the three months ended March 31, 2023. During the three months ended March 31, 2023, a direct hire placement fee was paid to The Personnel Department Ltd. in recruiting the current President and CEO.



Investor relations and promotion was \$69,110 for the three months ended March 31, 2024 compared to \$153,661 for the three months ended March 31, 2023. The decrease of \$84,551 was mainly related to the decrease in the number of conferences attended by Company personnel and reduced investor relations consultants and service providers used during the three months ended March 31, 2024.

Professional fees were \$52,570 for the three months ended March 31, 2024 compared to \$95,461 for the three months ended March 31, 2023. The decrease of \$42,891 was mainly related to the decrease in corporate secretary, legal and tax fees.

Share-based payments were \$nil for the three months ended March 31, 2024 compared to \$362,895 for the three months ended March 31, 2023. Share-based payments was recognized during the three months ended March 31, 2023 as a result of the options granted during this period.

Project evaluation costs were \$571,390 for the three months ended March 31, 2024 compared to \$nil for the three months ended March 31, 2023. The increase is due to the termination of the Shafter Silver Property share purchase agreement. As a consequence of the termination, the Company expensed the transaction costs that were initially recorded as deferred acquisition costs as project evaluation costs.

***Six Months Ended March 31, 2024 compared with the Six Months Ended March 31, 2023***

The Company is in the exploration stage and has no revenue from operations. During the six months ended March 31, 2024, the Company recorded a net loss of \$1,098,155, a decrease of \$28,716, compared to a net loss of \$1,126,871 for the six months ended March 31, 2023.

The decrease in net loss during the six months ended March 31, 2024, is primarily due to the decrease in consulting fees, general and administrative, investor relations and promotion, professional fees and share-based payments offset by the increase in project evaluation costs.

Consulting fees were \$130,000 for the six months ended March 31, 2024 compared to \$152,000 for the six months ended March 31, 2023. The decrease of \$22,000 is related to the decrease in corporate advisory services provided by two consultants who agreed to reduced monthly consulting fees.

General and administrative were \$25,750 for the six months ended March 31, 2024 compared to \$134,244 for the six months ended March 31, 2023. During the six months ended March 31, 2023, a direct hire placement fee was paid to The Personnel Department Ltd. in recruiting the current President and CEO.

Investor relations and promotion was \$233,619 for the six months ended March 31, 2024 compared to \$300,833 for the six months ended March 31, 2023. The decrease of \$67,214 was mainly related to the reduced investor relations consultants and service providers used during the six months ended March 31, 2024.

Professional fees were \$101,008 for the six months ended March 31, 2024 compared to \$142,540 for the six months ended March 31, 2023. The decrease of \$41,532 was mainly related to the decrease in corporate secretary, legal and tax fees.

Share-based payments were \$nil for the six months ended March 31, 2024 compared to \$362,895 for the six months ended March 31, 2023. Share-based payments was recognized during the six months ended March 31, 2023 as a result of the options granted during this period.

Project evaluation costs were \$574,999 for the six months ended March 31, 2024 compared to \$nil for the six months ended March 31, 2023. The increase is due to the termination of the Shafter Silver Property share purchase agreement.

As a consequence of the termination, the Company expensed the transaction costs that were initially recorded as deferred acquisition costs as project evaluation costs.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working capital and cashflow**

As at March 31, 2024, the Company had a working capital deficiency of \$315,834 (September 30, 2023 – \$801,882) including cash of \$171,085 (September 30, 2023 – \$632,232).

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

### **Operating activities**

Cash outflows of \$463,715 were recorded from operating activities during the six months ended March 31, 2024. This is primarily due to outflows relating to consulting fees, general and administrative, investor relations and promotion, professional fees, project evaluation costs, regulatory and transfer agents and travel.

### **Investing activities**

During the six months ended March 31, 2024, the Company had \$2,568 in exploration and evaluation additions on the Silver Strand, Eliza Silver and Silverton Silver projects.

## **OUTSTANDING SHARE DATA**

At March 31, 2024, the Company had 54,191,412 (September 30, 2023 – 54,191,412) common shares issued and outstanding with a value of \$12,405,539 (September 30, 2023 – \$12,405,539).

### **Escrow Shares**

On March 4, 2021, the Company entered into an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings*, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 270,000 common shares (released)
- On October 29, 2021: 405,001 common shares (released)
- On April 9, 2022: 405,001 common shares (released)
- On October 29, 2022: 405,000 common shares (released)
- On April 9, 2023: 405,000 common shares (released)
- On October 29, 2023: 404,999 common shares (released)
- On April 9, 2024: 404,999 common shares (released subsequent to March 31, 2024)

As of March 31, 2024, there were 404,999 common shares held in escrow (September 30, 2023 – 809,998).

**During the six months ended March 31, 2024**

- No share capital transactions occurred.
- No warrants were issued, exercised or expired.
- No options were issued or exercised.
- 250,000 options were cancelled.

**Subsequent to March 31, 2024**

- 200,000 options were cancelled.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 54,191,412 common shares;
- 8,689,924 warrants with exercise prices ranging from \$0.25 to \$0.50; and
- 3,235,000 stock options with exercise prices ranging from \$0.24 to \$0.65.

**SUBSEQUENT EVENT**

On May 27, 2024, the Company announced a non-brokered private placement of units of the Company at a price of \$0.09 per unit (the "Offering"), for gross proceeds of up to \$2,400,000. Each unit will consist of one (1) common share in the capital of the Company and one share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of CA\$0.12 per share for 24 months following the closing of the Offering. In connection with the Offering, the Company will pay finders' fees of up to 7.0% of the gross proceeds raised by the Company from the sale of units to subscribers directly introduced to the Company by eligible finders. In addition, the Company will issue to eligible finders non-transferable finders' warrants of up to 7.0% of the number of units sold in the Offering. Each finders' warrant will entitle the holder to acquire one share of the Company at a price of \$0.12 per share for a period of two years from the date of issuance.

**RELATED PARTY TRANSACTIONS AND BALANCES**

The Company's related parties as defined as IAS 24, Related Party Disclosures, include the Company's subsidiaries and the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

<b>Related Party</b>	<b>Relationship</b>
Peter A. Ball	President, CEO and Director
Alnesh Mohan	CFO, Director and Corporate Secretary
Lawrence Roulston	Director
Donald Birak	Director
Ron Burk	Director, Technical Advisor
Warwick Smith	Former Interim CEO, Former Interim President
Joness Lang	Former Director
Morgan Lekstrom	Former CEO and Former President
Michael Dake	Former Director, Former CEO and Former Corporate Secretary
David Grandy	Former Director
Ariston Capital Corp.	A corporation controlled by the CEO, President and Director
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
All Mine Consulting	A company controlled by the Former CEO and Former President
Harbourside Consulting	A company controlled by the Former Interim CEO and Former Interim President

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended March 31, 2024 and 2023:

	<b>For the six months ended</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Peter Ball, CEO, President, Director <sup>(1)</sup></b>		
Consulting fees	100,000	25,000
Share-based payments	-	145,992
	<b>100,000</b>	<b>170,992</b>
<b>Alnesh Mohan, CFO, Director, Corporate Secretary <sup>(2)</sup></b>		
Professional fees	62,400	64,480
Project evaluation costs	11,963	-
Share-based payments	-	36,011
	<b>74,363</b>	<b>100,491</b>
<b>Lawrence Roulston, Director</b>		
Share-based payments	-	36,011

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	For the six months ended	
	March 31, 2024	March 31, 2023
	\$	\$
<b>Joness Lang, Former Director</b>		
Share-based payments	-	36,011
<b>Ron Burk, Director, Technical Advisory</b>		
Share-based payments	-	36,011
<b>Morgan Lekstrom, Former CEO, Former President <sup>(3)</sup></b>		
Consulting fees	-	37,500
<b>Warwick Smith, Former Interim CEO, Former Interim President, Former Director <sup>(4)</sup></b>		
Consulting fees	-	37,500
<b>TOTAL</b>	<b>174,363</b>	<b>454,516</b>

(1) Fees paid to Ariston Capital Corp., a corporation controlled by the CEO, President and Director.

(2) Fees paid to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner. Fees were paid for the provision of CFO, financial reporting and accounting support.

(3) Fees paid to All Mine Consulting, a corporation controlled by the former CEO and President.

(4) Fees paid to Harbourside Consulting, a corporation controlled by the former Interim CEO and Interim President.

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$47,278 as at March 31, 2024 (September 30, 2023 – \$45,547) of which \$23,223 is owed to Ariston Capital Corp. (September 30, 2023 - \$25,545) and \$24,055 owed to Quantum Advisory Partners LLP (September 30, 2023 - \$20,002).

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

#### **OFF-BALANCE SHEET FINANCING ARRANGEMENTS**

As of March 31, 2024, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

#### **PROPOSED TRANSACTIONS**

On September 27, 2023, the Company entered into a definitive share purchase agreement (the "Purchase Agreement") to acquire a 100% interest in the Shafter silver deposit (the "Shafter Project"), a previously producing high-grade silver mine located in Presidio County in Southwest Texas, from Aurcana Silver Corporation ("Aurcana") (the "Proposed Transaction"). On May 3, 2024, the Company decided to terminate the Purchase Agreement.

The Company incurred transaction costs of \$571,390 (the "Transaction Costs"), of which \$40,428 was incurred during the six months ended March 31, 2024, on the Shafter Project and initially recorded as deferred acquisition costs. As a consequence of the termination, the Company expensed the Transaction Costs as project evaluation costs during the six months ended March 31, 2024.

#### **CRITICAL ACCOUNTING ESTIMATES**

The financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial

Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### **NEW ACCOUNTING STANDARDS**

There were no new or amended IFRS pronouncements effective October 1, 2023 that impacted the Company’s unaudited condensed consolidated interim financial statements for the six months ended March 31, 2024.

#### **COMMITMENTS**

The Company does not have any significant commitments except for the commitments noted under the section of “Exploration and Evaluation Assets”.

#### **CONTINGENCIES**

The Company’s exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

#### **FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in various tables in note 10 of our unaudited condensed consolidated interim financial statements for the six months ended March 31, 2024. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended September 30, 2023.

#### **RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine and the Middle East are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency,

inflations and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

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

### **Insufficient Capital**

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interest in the Silver Strand Project, the Eliza Silver Project and the Silverton Silver Project.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital. The Company has no long-term debt, capital lease obligations, operating leases or any other long-term obligations.

### **Negative Operating Cash Flow**

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

### **Exploration and Development**

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

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

### **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

### **Permits and Government Regulations**

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Company's properties. On March 24, 2022, the Company received permits to drill at Silverton Project. The Company currently does not have any permits in place for any of other projects.

### **Environmental and Safety Regulations and Risks**

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

### **Fluctuating Mineral Prices and Currency Risk**

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in US dollars.

### **Management**

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.



### **Public Health Crisis**

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020, the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. Over the past couple of years, there were a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has also caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary and a number of jurisdictions, including in Canada and the United States, have started to lift certain COVID-19 related restrictions, the duration of the various disruptions to businesses locally and internationally and related financial impact cannot be reasonably estimated at this time.

Public health crises such as COVID-19 can result in volatility and disruptions in the supply and demand for gold, silver and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Company's business operations cannot be reasonably estimated at this time. However, it is not expected that the COVID-19 pandemic will have a material adverse impact on the Company's business, results of operations, financial position and cash flows in 2023 and going forward. As the government decreed that mining has been determined an essential service, the Company has resumed operations and have put in place the appropriate safety policies and procedures related to COVID-19.

### **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payables to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.