

**SILVERSTOCK METALS INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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REPORT DATE

November 15, 2021

This Management Discussion and Analysis (the “**MDA**”) provides relevant information on the operations and financial condition of Silverstock Metals Inc. (the “**Company**”) for the six-month period ended September 30, 2021.

All monetary amounts in this MDA and in the financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards (“**IFRS**”).

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the condensed interim financial statements together with other financial information included in these filings. The Board of Directors approves the condensed interim financial statements and MDA and ensures that management has discharged its financial responsibilities.

The MDA should be read in conjunction with the Company’s audited financial statements and notes thereto for the period from incorporation on September 1, 2020 to March 31, 2021. A copy of the audited financial statements is included in the Company’s final prospectus dated August 4, 2021 and available for viewing under the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On August 4, 2021, the British Columbia Securities Commission issued a receipt for the Company’s Long Form Prospectus and the Company became a reporting issuer in British Columbia and Alberta. On August 27, 2021, the Company’s common shares were listed on the Canadian Securities Exchange (“**CSE**”) and the Company became a reporting issuer in Ontario. On August 30, 2021, the Company announced the completion of its initial public offering (the “**IPO**”) of 4,500,000 common shares at a price of \$0.10 per common share. The common shares of the Company commenced trading on the CSE on September 1, 2021 under the trading symbol **STK**.

The Company was incorporated on September 1, 2020 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 2710 – 200 Granville Street, Vancouver, British Columbia, Canada.

NATURE OF BUSINESS

Overview

The Company is engaged in the business of acquiring and exploring mineral resource properties. The Company’s sole property is the Gold Cutter Property (the “**Property**”), located in the British Columbia interior, approximately 12 km northwest of the town of Barriere in the Kamloops Mining Division.

## Gold Cutter Property

Balance incorporation September 1, 2020	\$	-
Acquisition costs:		
Cash		43,421
Deferred exploration costs:		
Geophysical		26,600
Consulting		31,790
Report preparation		8,800
Assay		12,798
Field		14,323
Total expenditures for the period		94,011
<b>Balance September 30, 2021</b>	<b>\$</b>	<b>137,432</b>

Pursuant to an option agreement dated September 2, 2020 (the “Property Option Agreement”), with Ron Bilquist the “Optioner”), the Company was granted an option to acquire a 100% undivided interest in the Property in the Kamloops Mining Division, British Columbia.

To exercise the option the Company must make cash payments of \$445,000 and issue 500,000 common shares to the Optionors as follows:

	Common Shares	Cash
Upon signing of the agreement (paid)		\$ 5,000
On or before the Company’s common shares listed on the Canadian Stock Exchange (“CSE”) (the “Listing”) (paid)		\$10,000
Within 15 days of the Listing (issued)	150,000	
On or before August 26, 2022	150,000	\$15,000
On or before August 26, 2023	100,000	\$25,000
On or before August 26, 2024	100,000	\$25,000
On or before August 26, 2025		\$40,000
On or before August 26, 2026		\$100,000
On or before August 26, 2027		\$225,000
Total	500,000	\$445,000

Upon commencement of commercial production, the Optionors will receive a 1.8% Gross Smelter Returns Royalty.

The Property is comprised of two mineral tenures covering an area of 1,821 hectares; the property has numerous occurrences of gold and silver vein mineralization and will be the focus of an exploration program to determine its economic potential. The Company plans to complete additional geology, ground geophysics and soil surveying at the property in 2021, and additional prospecting is recommended elsewhere. The objectives would be to develop precise drilling targets and to highlight other parts of the Property for advanced work. The budget for this work in the NI 43-101 Technical Report is \$106,598.

## SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on September 1, 2020 and became a reporting issuer on August 27, 2021. A summary of selected quarterly financial information is as follows:

	Three months ended September 30, 2021	Three months ended June 30, 2021	Period from incorporation on September 1, 2020 to March 31, 2021
Expenses	\$29,704	\$15,437	\$70,382
Net loss	(29,704)	(15,437)	(70,382)
Basic and diluted net loss per share	(0.00)	(\$0.00)	(\$0.01)
Cash	366,336	122,444	154,037
Assets	514,359	226,308	256,119
Working Capital	362,805	82,764	127,187

During the quarter ended September 30, 2021 the Company incurred expenses of \$29,704 which included \$13,500 in consulting, \$3,811 in rent, general administrative and filing fees, and \$12,393 in professional fees. This summary of quarterly results should be read in conjunction with the condensed interim financial statements and notes thereto of the Company for the period ended September 30, 2021.

During the quarter ending June 30, 2021, the Company incurred expenses of \$15,437 which included \$13,500 in consulting and \$1,937 in rent and general administrative expenses. This summary of quarterly results should be read in conjunction with the condensed interim financial statements and notes thereto of the Company for the period ended June 30, 2021.

## LIQUIDITY AND CAPITAL RESOURCES

The Company utilizes existing cash and the issuance of common shares to provide liquidity to the Company. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue the plans of identifying and completing a Qualifying Transaction, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

As at September 30, 2021, the Company had net working capital of \$362,805 (July 31, 2019 - \$127,187) which management considers to be enough for the Company to meet its ongoing obligations beyond one year.

During the six month period ending September 30, 2021 the Company had the following share transactions:

On August 3, 2021, the Company completed its IPO of 4,500,000 common shares at \$0.10 per common share for gross proceeds of \$450,000. The net proceeds of the IPO will be used for working capital and to carry out exploration of the Company's Gold Cutter Property. Research Capital Corp. acted as agent (the "Agent") for the IPO. The Agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$40,000, of which \$30,000 was paid in cash and \$10,000 in common shares of the Company. Additionally, the Company granted the Agent and its selling group compensation options entitling the holder to purchase in aggregate 450,000 common shares of the Company at a price of \$0.10 per share, exercisable on or before July 29, 2024.

The Company incurred share issuance costs of \$169,241 during the six month period ending September 30, 2021.

Pursuant to the Property Option Agreement, the Company issued 150,000 common shares to the Optionors on September 8, 2021.

During the year ended March 31, 2021, the Company had the following share capital transactions:

The Company issued 1 share on incorporation for proceeds of \$1.

On September 29, 2020 the Company issued 2,000,000 common shares at a price of \$.005 per common share for gross proceeds of \$10,000. The fair value of the common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based compensation of \$30,000 and a corresponding increase to contributed surplus.

On October 3, 2020 the Company issued 3,600,000 flow-through common shares at a price of \$.02 per common share for gross proceeds of \$72,000 which the Company spent on Qualifying Canadian Exploration Expenditures (“CEE”). Each unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.10 per share for a period of eighteen months from the date of issuance. \$Nil value was assigned to the warrants or flow-through premium liability under the residual model.

On October 15, 2020 the Company issued 1,000,000 common shares at a price of \$0.02 per common share for gross proceeds \$20,000.

On February 5, 2021 the Company issued 4,000,000 common shares at a price of \$0.05 per common share for gross proceeds of \$200,000.

The Company has no long-term debt obligations.

#### OUTSTANDING SHARE CAPITAL

(a) As of the date of the MDA the Company has 15,350,001 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

(b) As at the date of the MDA the Company has 200,000 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 4,050,000 warrants outstanding

#### TRANSACTION WITH RELATED PARTIES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the six months ended September 30, 2021, the Company incurred consulting fees with an officer and director in the amount of \$12,000.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

#### INVESTOR RELATIONS

The Company is not engaged in any investor relations contractors. Any inquiries from existing or prospective investors are typically directed to James Walchuck, President and Chief Executive Officer of the Company.

## PROPOSED TRANSACTIONS

There is no imminent decision by the Board of Directors of the Company with respect to any transaction beyond what is included in this MDA.

## CRITICAL ACCOUNTING ESTIMATES

This MDA is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Company's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the period ended September 30, 2021 that had a material effect on its condensed interim financial statements. The Company's significant accounting policies are disclosed in Note 2 to its financial statements for the year ended March 31, 2021.

### **New standards and interpretations adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods. The following have been adopted by the Company:

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this new standards did not have a significant impact on the Company's condensed interim financial statements

## RISKS AND UNCERTAINTIES

The Company's business is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, mineral prices, political, and economical.

The Company will take steps to verify the title to any properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant sources of operating cash flow and no revenue from operations. Additional capital will be required to fund the Company's exploration program. The sources of funds available to the Company are the

sale of equity capital or the offering of an interest in its project to another party. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

The property interests to be owned by the Company or in which it may acquire an option to earn an interest are in the exploration stages only, are without known bodies of commercial minerals and have no ongoing operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into production. If the Company's efforts do not result in any discovery of commercial minerals, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties in which it previously had no interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liabilities to the Company.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions.

#### *Liquidity risk*

As of September 30, 2021, the Company had cash balance of \$366,336 (March 31, 2021 - \$154,037) to settle current liabilities of \$14,122 (March 31, 2021 - \$27,000). The Company is not exposed to liquidity risk.

#### *Market risk*

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

### *Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

### *Foreign currency risk*

The Company is not exposed to foreign currency risk as no assets or liabilities are denominated in foreign currency.

### *Price risk*

The Company's exposure to price risk with respect to equity prices is insignificant. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

## CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' deficiency, consisting of issued common shares, stock options and warrants included in reserves.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

## FORWARD-LOOKING STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in preliminary economic analyses or prefeasibility studies also may be deemed to be forward-looking statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining that mineralization, if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the Company's estimates of the quality and quantity of the resources and reserves at its mineral properties;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of result

thereof;

- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and
- the Company's expectation that it will be able to add additional mineral projects of merit to its existing property portfolio.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to raise the necessary capital to be able to continue in business and to implement its business strategies, to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, and other risks identified herein under "Risks and Uncertainties".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MDA. Such statements are based on several assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the price of commodities;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration;
- conditions in the financial markets generally;
- the Company's ability to attract and retain key staff;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs; and
- the ongoing relations of the Company with its regulators.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. The current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

#### ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR web site [www.sedar.com](http://www.sedar.com).