

SILVERSTOCK METALS INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

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**REPORT DATE** - February 29, 2024

This Management's Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Silverstock Metals Inc. (the "Company") for the nine-month period ended December 31, 2023. The MDA should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended March 31, 2023. A copy of the audited financial statements is available for viewing under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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 interim financial statements together with other financial information included in these filings. The Board of Directors approves the interim financial statements and MDA and ensures that management has discharged its financial responsibilities.

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 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 Company's head office is located at 330 - 890 West Pender Street, Vancouver, BC, V6C 1J9. The Company's registered and records office is located at 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0.

## 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.

<b>Property</b>	<b>Gold Cutter</b>
March 31, 2022	\$ 172,317
Acquisition costs	
Cash	15,000
Shares	22,500
	37,500
March 31, 2023	209,817
Acquisition costs	
Cash	25,000
Shares	13,000
	38,000
December 31, 2023	\$ 247,817

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**NATURE OF BUSINESS** (cont'd...)

**Overview** (cont'd...)

Gold Cutter Project

Pursuant to an option agreement dated September 2, 2020, the Company was granted an option to acquire a 100% undivided interest in the Gold Cutter Project (the "Gold Cutter") in the Kamloops Mining Division of British Columbia, Canada. To exercise the option the Company must pay \$445,000 and issue 500,000 common share as follows:

	<b>Acquisition in cash</b>	<b>Acquisition in shares</b>
Upon signing of the agreement (completed)	\$ 5,000	-
On or before the Company's common shares listed on the CSE (the "Listing") (completed)	10,000	-
Within 15 days of the Listing (completed)	-	150,000
On or before August 27, 2022 (completed)	15,000	150,000
On or before August 27, 2023 (completed)	25,000	100,000
On or before August 27, 2024	25,000	100,000
On or before August 27, 2025	40,000	-
On or before August 27, 2026	100,000	-
On or before August 27, 2027	225,000	-
<b>Total</b>	<b>\$ 445,000</b>	<b>500,000</b>

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 was the focus of an exploration program to determine its economic potential. The Company completed geology, ground geophysics and soil surveying at the property in 2022, and additional prospecting is recommended. The objective is to develop precise drilling targets and to highlight other parts of the Property for additional work.

**RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

**Selected Annual Information**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Loss for the year, attributable to owners of the parent	\$ 128,111	\$ 108,280
Loss per share, basic and fully diluted	\$ 0.01	\$ 0.01
Total assets	\$ 728,740	\$ 826,314
Total current liabilities	\$ 30,271	\$ 21,566
Total non-current financial liabilities	\$ -	\$ -

As the Company is an exploration company, the Company has recorded no revenue.

## RESULTS OF OPERATIONS AND FINANCIAL CONDITION (cont'd...)

In 2023, there was an overall increase in operating expenses of \$19,831 as compared to 2022. The increase was due to an increase in professional fees of \$15,587, filing fees of \$7,214 and consulting fees of \$4,500. Professional fees were higher in 2023 at \$44,368 compared to \$28,781 in 2022. The increase is due to higher project investigation costs, higher tax costs and higher audit fees. Filings fees were higher in 2023 at \$15,039 compared to \$7,825 in 2022. The increase is due to a full year of filing fees. Consulting fees were higher in 2023 at \$60,000 compared to \$55,500 in 2022. The increase is due to a higher administrative services monthly contract amount of \$500/month beginning January 2022.

In 2022, there was an overall increase in all operating expenses as the Company was in operation for the entire year as compared to 2021 when the Company only operated from its incorporation date on September 1, 2020 to March 31, 2021. The Company incurred a full year of consulting fees, and rent, \$55,500 and \$6,000 respectively, compared to \$23,500 and \$3,500 in 2021. The Company also began incurring regulatory and filing fees related to being listed on the Canadian Stock Exchange (CSE). Professional fees were also higher in 2022 at \$28,781 compared to \$7,500 in 2021, which was also directly to its listing on the CSE. Total assets increased \$570,195 as the Company completed its second exploration program on the Gold Cutter property \$70,385, completed its initial public offering for net proceeds of \$317,909 and, investors exercised warrants totaling \$360,000.

In 2021, the Company was in operation from its incorporation date on September 1, 2020 to March 31, 2022. The Companies largest operating expenses for the period were share-based payments of \$30,000 related to its share offering on September 29, 2020 and consulting fees of \$23,500. Total assets increased from zero to \$256,119 as the Company initiated its first share offerings, \$269,501, and started exploration work on the Gold Cutter property \$101,932.

### Selected Quarterly Financial Information

Three months ended	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Loss from continuing operations	\$ (54,487)	\$ (69,102)	\$ (19,264)	\$ (47,710)
Loss per share, basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Cash	\$ 894,115	\$ 474,924	\$ 485,194	\$ 499,365
Total assets	\$ 1,152,576	\$ 726,450	\$ 701,754	\$ 728,740
Working capital	\$ 890,349	\$ 455,635	\$ 469,388	\$ 488,652

Three months ended	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Loss from continuing operations	\$ (21,976)	\$ (37,101)	\$ (21,357)	\$ (38,149)
Loss per share, basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Cash	\$ 520,372	\$ 554,993	\$ 612,534	\$ 640,216
Total assets	\$ 748,400	\$ 781,931	\$ 799,686	\$ 826,314
Working capital	\$ 536,363	\$ 558,455	\$ 611,074	\$ 632,431

During the quarter ended December 31, 2023, the Company incurred a net loss of \$54,487 which included \$12,990 in management fees, \$10,300 in professional fees, \$11,901 in share-based compensation, and \$10,328 in travel.

During the quarter ended September 30, 2023, the Company incurred a net loss of \$69,102 which included \$10,000 in consulting fees, \$16,074 in professional fees, \$17,039 in property investigation, and \$10,349 in share-based compensation.

During the quarter ending June 30, 2023, the Company incurred a net loss of \$19,264 which included \$429 in professional fees, \$15,000 in consulting fees, \$2,250 in filing fees, and \$1,500 in rent.

During the quarter ending March 31, 2023, the Company incurred a net loss of \$47,710 which included \$28,952 in professional fees, \$15,000 in consulting fees, \$2,695 in filing fees, and \$1,500 in rent.

## **RESULTS OF OPERATIONS AND FINANCIAL CONDITION (cont'd...)**

### **Selected Quarterly Financial Information (cont'd...)**

During the quarter ended December 31, 2022, the Company incurred a net loss of \$21,946 which included \$15,000 in consulting fees, \$770 in professional fees, \$4,252 in filing fees and \$1,500 in rent.

During the quarter ended September 30, 2022, the Company incurred a net loss of \$37,101 which included \$15,000 in consulting fees, \$13,901 in professional fees, \$5,692 in filing fees and \$1,500 in rent.

During the quarter ended June 30, 2022, the Company incurred a net loss of \$21,357 which included \$15,000 in consulting fees, \$1,545 in professional fees, \$2,400 in filing fees and \$1,500 in rent.

During the quarter ended March 31, 2022, the Company incurred a net loss of \$38,149 which included \$15,000 in consulting fees, \$12,626 in professional fees, \$6,000 in share-based payments, \$2,712 in filing fees and \$1,500 in rent.

During the quarter ended December 31, 2021, the Company incurred a net loss of \$24,990 which included \$13,500 in consulting fees, \$1,500 in rent, \$1,997 in general and administrative expenses, \$4,231 in filing fees, and \$3,762 in professional fees.

### **Results of Operations for the nine months ended December 31, 2023 and 2022**

During the nine months ended December 31, 2023, the net loss increased by \$62,453 as compared to the comparable period. The increase is primarily driven the Company become active in its day-to-day activities. Changes from period to period can be explained by the following factors:

- a) The Company is searching for additional projects.
- b) The Company brought on new management.
- c) The Company granted stock options to its CEO.

### **Results of Operations for the years ended March 31, 2023 and 2022**

During the year ended March 31, 2023, the Company incurred at net loss of \$128,111 compared to a net loss of \$108,280 during the year ended March 31, 2022. The increase in net loss is primarily due to the Company being in operation for a full year in 2023, as compared to 2022 when the Company became public reporting entity. Also the Company incurred increased legal fees related to property investigations and additional tax work completed in 2023.

- a) Consulting fees increased \$4,500 in 2023. Administrative services increased from \$2,500 to \$3,000/month starting January 1, 2022.
- b) Filing fees increased \$7,214 in 2023 and reflect the Company being a reporting issuer for the entire year, on the Canadian Stock Exchange (CSE), versus it being issuer for seven months during 2022.
- c) Share-based payments decreased by \$6,000, The higher share-based payments in 2022, is driven by the stock option issuance to an officer. There was no stock option issuance during 2023.
- d) Professional fees increased \$15,587 and reflects higher legal fees associated with the Company completing more project investigations and additional tax work in 2023 as compared to 2022.

## **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 December 31, 2023, the Company had net working capital of \$890,349 (March 31, 2023 - \$488,652) which management considers to be enough for the Company to meet its ongoing obligations for the upcoming 12 months.

## **LIQUIDITY AND CAPITAL RESOURCES (cont'd...)**

During the nine month period ended December 31, 2023 the Company the following share capital transactions:

- issued 5,200,000 units at a price of \$0.10 per unit by way of a non-brokered private placement for total proceeds of \$520,000, with each unit consisting of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.20 per common share, for a period of two years from the date of issue. The Company paid finders' fees of \$17,700 and issued 162,000 finder warrants. Each finder warrant entitles the holder to acquire an additional common share at a price of \$0.20 per common share, for a period of two years from the date of issue.
- issued 100,000 common shares, with a fair value of \$13,000, pursuant to the Gold Cutter option agreement.
- issued 450,000 common shares pursuant to the exercise of warrants, for proceeds of \$45,000.

During the nine month period ended December 31, 2023 the Company the following share capital transactions:

- issued 150,000 common shares pursuant to the Gold Cutter option agreement.

## **OUTSTANDING SHARE CAPITAL**

As of the date of the MDA the Company has 24,850,001 issued and outstanding common shares. The authorized share capital is unlimited no par value common shares.

As at the date of the MDA the Company has 700,000 incentive stock options outstanding.

As at the date of the MDA the Company has 2,762,000 share purchase 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 nine months ended December 31, 2023, the Company incurred consulting fees with an officer and director in the amount of \$10,000; incurred management fees with a director and CEO in the amount of \$12,990; incurred professional fees with an officer in the amount of \$12,000, and incurred share-based compensation with a director and CEO in the amount of \$22,250.

As at December 31, 2023, included in accounts payable and accrued liabilities was \$14,279 owing to a director and an officer.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements

## **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 AND JUDGMENTS**

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 the condensed interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

### Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the next 12 months, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### Impairment of exploration and evaluation assets

At the end of each reporting period, the Company assesses each of its mineral properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral properties are budgeted or planned, and results of exploration and evaluation activities on the exploration and evaluation assets.

### Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company's significant accounting policies are disclosed in Note 2 to its financial statements for the year ended March 31, 2023. There were no changes in the Company's significant accounting policies during the nine month period ended December 31, 2023 that had a material effect on its interim financial statements, except as noted below.

### Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank accounts and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents have maturities at the time of acquisition of less than three months.

## **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.

## **RISKS AND UNCERTAINTIES (cont'd...)**

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 Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values.

### **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 cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as cash and cash equivalents are deposited in high credit quality financial institutions.

#### Liquidity risk

Liquidity risk is the risk the Company will not have sufficient liquidity to meet its ongoing liabilities. As of December 31, 2023, the Company had a cash and cash equivalents balance of \$894,115 to settle current liabilities of \$14,410 which are all due within three months.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

### **Financial risk factors (cont'd...)**

#### Interest rate risk

The Company has cash and cash equivalents 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's expenditures are denominated in Canadian dollars and current exposure to currency risk is minimal.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

## **CAPITAL MANAGEMENT**

The Company defines capital that it manages as the aggregate of share capital, reserves, and deficit. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration 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 Company relies 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 enough 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 has been no significant change in the Company's objectives, policies, and processes for managing its capital during the nine months ended December 31, 2023.

## **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;

#### **FORWARD-LOOKING STATEMENTS (cont'd...)**

- 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 SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).