# CARSON RIVER VENTURES CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

For the six months ended March 31, 2023

This Management's Discussion and Analysis of Carson River Ventures Corp. (the "Company" or "Carson"), prepared May 29, 2023, should be read in conjunction with the interim condensed consolidated financial statements for the six months ended March 31, 2023, and notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars.

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

## CORPORATE PROFILE AND MISSION

The Company is an exploration stage company engaged in the acquisition and exploration of mineral properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares began trading on the Canadian Securities Exchange ("CSE") on February 7, 2022, under the symbol **CRIV**. Additional information can be found at the website www.sedar.com.

## OVERALL PERFORMANCE

### Highlights

On January 20, 2021, the Company entered into an Exploration Lease with Option to Purchase Agreement for Chucker Property, which is located in the Silver Star Mining District, within Mineral County, Nevada, in the Walker Lane gold trend.

On January 26, 2022, The Company received approval from the British Columbia Securities Commission for its Long Form Prospectus dated January 25, 2022. On February 7, 2022, the Company began trading on the CSE under the symbol CRIV.

On November 7, 2022, the Company announced it has completed the initial 2022 exploration program on the Chucker Property. The exploration program consisted of air-borne and ground-based geophysical surveying, reconnaissance prospecting, geological mapping, surface trenching, and relocating historical workings. The results from the above exploration program will be compiled, providing accurate modern data to assist in the planning of a potential follow up drill program.

### *Acquisition of Novo Lithium Argentina, SRL*

On November 4, 2022, the Company acquired a 100% of Novo Lithium Argentina, SRL, an Argentine limited liability company ("Novo") that holds six mining concessions totaling approximately 16,274 hectares (the "Novo Properties"), located in the Catamarca Province of Argentina. The Company acquired 100% equity interest in Novo and the Novo Properties under the terms of a share purchase agreement (the "Share Purchase Agreement") with five individuals for a purchase price of $285,000, which consisted of $85,000 cash payment and the issuance of 4,000,000 common shares of the Company. All securities issued in connection with this transaction were subject to a statutory four-month hold period plus one day, in accordance with applicable securities legislation which expired on March 8, 2023.

The Novo Properties include four concessions totaling 12,901 hectares in the southern region of the Antofalla Salar and two concessions totaling 3,373 hectares south of the Hombre Muerto Salar. At 130 km long, the Antofalla Salar is acknowledged as the most extensive water catchment area in the region. Albemarle Corporation (NYSE: ALB), the world's largest lithium producer, owns large claim blocks throughout the Antofalla Salar, the southernmost of which is located approximately 20 km north of Novo's Properties. The Hombre Muerto Salar has been Argentina's only source of lithium production for over 25 years at properties owned and operated by Livent Corporation (NYSE: LTHM) just 10 km north of Novo's Properties.

## RESULTS OF OPERATIONS

### Summary of exploration activities

### Mineral Property:

On January 20, 2021, the Company entered into an Exploration Lease with Option to Purchase Agreement, whereby the Company has been granted an exploration lease with the exclusive Option to acquire a 100% interest in the Chucker Property, subject to a 1.5% NSR, for consideration to be satisfied by a combination of cash payments and the issuance of common shares. The Chucker Property is located in the Silver Star Mining District, within Mineral County, Nevada, in the Walker Lane gold trend.

In exchange for the exploration lease, the Company issued an aggregate of 250,000 Common Shares to the MSM Resource, L.L.C. on the Company's commencement of trading on the CSE. In addition, the Company paid the sum of $12,219 (US$10,000) representing the lease payment for the first year and must make annual lease payments of US$10,000 to the Optionor thereafter. During the period ending March 31, 2023, the Company paid the sum of $13,533 (US$10,000) representing the lease payment for the second year (2022) and the property optionor agreed to defer the 2023 lease payment to 2024.

The option to acquire 100% of the Chucker Property is exercisable by the Company by making a one-time cash payment in the amount of US$200,000.

Should the Company elect to exercise the option to purchase the Chucker Property, the annual lease payment(s) paid will not be credited against the purchase price. Further, the Company will not be obligated to pay any lease payments subsequent to the exercise and closing of the purchase of the Chucker Property from the Optionor.

Upon exercise of the option and the payment of US$200,000, the Company shall own the Chucker Property, subject to the 1.5% NSR payable to the optionor, one-half of a percent (0.5%) of the NSR may be purchased by the Company from the optionor at any time prior to commencement of commercial production for a cash payment of US$200,000.

The Chucker Property is located in west-central Nevada in Mineral County, Nevada, Township 4 North, Range 32 East, Sections 10, 11, 14 and 15. The Property is found on the U.S.G.S. "Little Huntoon Valley Quadrangle" Nevada - Mineral Co., 7.5-minute series topographic map. Geographically, the Chucker Property is located in the eastern foothills of the Excelsior Mountain Range due west of Teels Marsh, Nevada.

The Chucker Property consists of 11 unpatented mining claims 181 miles (290 km) southeast of the city of Reno, Nevada. The unpatented lode mining claims cover a total area of slightly more than 227 acres (91 hectares) and are located on federal land and managed by the Carson City District Office of the Bureau of Land Management ("BLM").

The Chucker Property is a grass roots property and, therefore, historical data and information is limited. The Property is located in the Marietta Historic Mining District, according to the Nevada Division of Minerals Open Data Site, and a variety of commodities are known to exist in this district, but not necessarily on the Chucker Property, including Au, Ag, Pb, W, Cu, U, Be.

## Exploration Activities

The Chucker Property contains numerous prospect pits, two shafts and a 55-foot drift. These workings are generally located on mineralized quartz vein exposures within the granite host rock. From previous observations and assay values, gold, silver, lead, zinc and copper are found in amounts large enough to pique interest and generate further exploration.

On November 7, 2022, the Company completed its initial 2022 exploration program on the Chucker Property. The exploration program consisted of air-borne and ground-based geophysical surveying, reconnaissance prospecting, geological mapping, surface trenching, and relocating historical workings. The results from the above exploration program will be compiled, providing accurate modern data to assist in the planning of a potential follow-up drill program. However, due to the current difficult market conditions, the Company may decide to defer this initial drill program to later in 2023 once overall market conditions improve in order to obtain additional financing. Further results will be released as they become available.

The Company is in the process of developing an exploration plan for the Novo Properties. There have been no historical exploration activities on the Novo claims.

## SELECTED FINANCIAL INFORMATION

| | Six months ended March 31, 2023 | Year ended September 30, 2022 |
|---|---|---|
| Net loss | $ (267,730) | $ (177,195) |
| Basic and diluted loss per share | $ (0.01) | $ (0.02) |
| Total Assets | $ 740,887 | $ 812,108 |
| Total Liabilities | $ 117,781 | $ 121,272 |
| Total Equity | $ 623,106 | $ 690,836 |

## Analysis of operations

Net loss for the three months ended March 31, 2023, was $147,435 (2022 - $38,238). The increase in net loss was due to increased accounting fees of $17,014 (2022 - $12,140), consulting fees of $61,641 (2022 - $Nil), management fees of $30,000 (2022 - $Nil), and office expenses of $42,385 (2022 - $8,384). The loss was partially offset by decreased transfer agent and filing fees of $6,919 (2022 - $15,224) and absence of legal fees (2022 - $2,490).

During the six months ended March 31, 2023, the Company reported a net loss of $267,730 (2022 - $66,031). Included in the determination of the net loss were accounting fees of $44,632 (2022 - $12,140), consulting fees of $94,903 (2022 - $Nil), management fees of $60,000 (2022 - $Nil), office expense of $68,999 (2022 - $15,905), legal fees of $3,105 (2022 - $2,490), transfer agent and filing fees of $10,818 (2022 - $35,496) and travel expenses of $1,173 (2022 - $Nil). Operating expenses increased for the six months ended March 31, 2023, compared to the six months ended March 31, 2022, stemmed from acquisition of Novo which resulted in increased use of accounting services and consultants, the payment of management fees and office expenses.

## SUMMARY OF QUARTERLY RESULTS

| ($) | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|
| Revenue | – | – | – | – |
| Net loss | 147,435 | 120,295 | 74,731 | 36,271 |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.00) | (0.00) |

| ($) | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
|---|---|---|---|---|
| Revenue | – | – | – | – |
| Net loss | 38,238 | 27,793 | 95,027 | 122 |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.01) | (0.00) |

## LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital at March 31, 2023 was $178,905 compared to $552,117 at September 30, 2022. The Company plans to continue to fund its operations through equity financings; there are no guarantees that the Company can do so in the future.

## SHARE CAPITAL

Authorized share capital
Unlimited number of common and preferred shares without par value.

As at March 31, 2023, and the date of this MD&A, the Company had 20,995,000 common shares issued and outstanding, valued at $1,163,229.

On November 4, 2022, the Company issued 4,000,000 Common Shares to acquire Novo under the terms of the Share Purchase Agreement. All securities issued in connection with this transaction were subject to a statutory four-month hold period plus one day, in accordance with applicable securities legislation, which expired March 8, 2023.

### Stock Options

As at March 31, 2023, and the date of this MD&A, the Company had no incentive stock options outstanding.

### Share Purchase Warrants

As at March 31, 2023, and the date of this MD&A, the Company had 4,150,000 share purchase warrants outstanding.

Details of common share purchase warrants outstanding on March 31, 2023, are as follows:

| | Warrants | Weighted average exercise price | Expiry Date |
|---|---|---|---|
| Balance, September 30, 2022 & March 31, 2023 | 4,150,000 | $ 0.10 | August 12, 2025 |

**RELATED PARTY TRANSACTIONS**

The following amounts were due to related parties as at March 31, 2023 and September 30, 2022:

| | March 31, 2023 | September 30, 2022 |
|---|---|---|
| Companies controlled by a director of the Company | $ 10,500 | $ 5,000 |
| Officers and directors of the Company | 5,000 | 5,500 |
| | $ 15,500 | $ 10,500 |

The Company's key management personnel consist of the Company's directors and officers. Key management compensation for the period ended March 31, 2023 and 2022 consisted of the following:

During the six months ended March 31, 2023, $30,000 in management fees was accrued or paid to a company controlled by a director and officer of the Company (March 31, 2022 - $Nil).

During the six months ended March 31, 2023, $30,000 in management fees was accrued or paid to an officer and a director of the Company (March 31, 2022 - $Nil).

**COMMITMENTS**

None

**CAPITAL MANAGEMENT**

The Company's objective in managing capital is to ensure sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares.

**FINANCIAL INSTRUMENTS**

The Company classifies its cash as financial assets at fair value through profit or loss and accounts payable and accrued liabilities and related party payable, as other financial liabilities.

The fair value of accounts payable and accrued liabilities and related party payable approximate their carrying value due to the short-term nature of these liabilities.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – Financial Instruments – Disclosures.

Level 1 –Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Observable inputs other than quoted prices, included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

*Credit risk*

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions and advancing funds to parties that management believes will make the necessary repayments.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of March 31, 2023, the Company had working capital of $178,905 to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as moderate.

*Foreign exchange risk*

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at March 31, 2023, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies, converted to Canadian Dollars at the prevailing rate at the end of the reporting period.

**March 31, 2023**

| | CAD equivalent | Currency | +/- 10% Fluctuation Increase | / (Decrease) |
|---|---|---|---|---|
| Cash | $ 7,543 | ARS | $ 754 | $ (754) |
| Deposits | 19,475 | ARS | 1,948 | (1,948) |
| Accounts payable | (48,075) | ARS | (4,807) | 4,807 |
| Total | $ (21,056) | ARS | $ (2,106) | $ 2,106 |

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2023, the Company did not have any financial instruments subject to interest rate risk. For capital management, the Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

## RISKS AND UNCERTAINTIES

*Risks inherent in the nature of mineral exploration and development*

Exploration and development involve several risks which experience, knowledge, and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

*Financial risks*

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

*Claims and title risks*

Although the Company has taken steps to verify title to 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 title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

*Dependence on key personnel*

The development of the Company’s business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

*Conflicts of interest*

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

*Environmental risks*

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

## SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the interim condensed consolidated financial statements for the six months ended March 31, 2023.

*New accounting standards and interpretations*

Accounting standards, amendments to standards, or interpretations have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

## ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited year-end financial results and unaudited quarterly financial results, can be accessed on SEDAR (www.sedar.com).