SILVER HAMMER
MINING CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Table of Contents

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 year ended September 30, 2025 is prepared as at January 28, 2026. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company and the notes relating thereto, for the year ended September 30, 2025. The audited consolidated 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.

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. 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

Silver Hammer Mining Corp. (the "Company") was incorporated on May 2, 2017 under the laws of British Columbia. During the year ended September 30, 2025, the Company changed its corporate office and principal place of business from Suite 400-1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, Canada to Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, 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 September 30, 2025, 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.

CHANGE IN MANAGEMENT

- On May 1, 2025, Lawrence Roulston resigned from the Company's board of directors.
- On September 15, 2025, Michael Willett was appointed as a director, replacing Ron Burk, who remains with the Company as Senior Technical Board Advisor.
- On September 15, 2025, Damir Cukor was appointed as Technical Advisor – Projects and Qualified Person.

EXPLORATION AND EVALUATION ASSETS

There has been no new technical information disclosed by the Company since the September 30, 2025 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);

(Expressed in Canadian Dollars)

- 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).

The Company completed a two-phase proof of concept drill program in 2021 and 2022, which confirmed that mineralization exists beyond the existing mine workings.

A total of six (6) core holes were completed in 2021 (Phase 1) with each hole encountering mineralization. Please refer to the press release dated December 14, 2021 on www.sedarplus.ca for further details.

A total of nine (9) core holes (Phase 2) were completed in 2022. Eight of the nine underground holes encountered mineralization. Please refer to the press release dated January 4, 2023 on www.sedarplus.ca for further details.

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 for further details.

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 year ended September 30, 2025 and 2024:

For the year ended	September 30, 2025	September 30, 2024
	$	$
Opening	4,869,087	4,850,307
Staking fees	9,798	9,522
Deferred exploration costs		
- Geological	20,159	20,068
	20,159	**20,068**
Effect of movements in exchange rates	68,020	(10,810)
Closing	**4,967,064**	**4,869,087**

As of September 30, 2025, the carrying value of the Silver Strand Project is $4,967,064.

Outlook

The Company received the acknowledgement and approval of the Plan of Operations 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 exploration plan in 2026, 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.

(Expressed in Canadian Dollars)

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.

<u>Eliza Silver Project</u>

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% Net Smelter Returns ("NSR") from the production of minerals from the California Patent.

On January 9, 2024, the Company provided an update 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 2025. The application was originally submitted on April 26, 2023. Please refer to the press release dated May 2, 2023 on www.sedarplus.ca for further details.

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 year ended September 30, 2025 and 2024:

For the year ended	September 30, 2025	September 30, 2024
	$	$
Opening	1,770,086	1,732,861
Staking fees	29,957	29,110
Deferred exploration costs		
- Consulting	763	9,616
- Field	-	24
- Geological	-	960
	763	**10,600**
Effect of movements in exchange rates	15,117	(2,485)
Closing	**1,815,923**	**1,770,086**

As of September 30, 2025, the carrying value of the Eliza Silver Project is $1,815,923.

<u>Outlook</u>

The Company anticipates receiving the Plan of Operations permit from the United States Forest Service in 2026, which was submitted in April 2023. Silver Hammer will review the project as per the Plan of Operations for a potential exploration plan in 2026, 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.

(Expressed in Canadian Dollars)

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 19th 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 September 30, 2025, the balance of the reclamation deposit was $31,452 (US$22,600) (September 30, 2024 – $30,543 (US$22,600)).

On October 10, 2025, the Company received an updated exploration drill permit for its 100%-controlled Silverton Project in Nye County, Nevada, and subsequently posted the required reclamation bond with the United States Bureau of Land Management. The updated permit allows the Company to complete an exploration drill program of up to approximately 5,000 feet in up to eight reverse circulation drill holes

On December 23, 2025, the Company completed its Phase 1 exploration drill program at its 100% controlled Silverton Project in Nye County, Nevada. The program consisted of six reverse circulation drill holes totaling approximately 2,420 feet.

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 year ended September 30, 2025 and 2024:

For the year ended	September 30, 2025	September 30, 2024
	$	$
Opening	1,488,662	1,486,900
Staking fees	3,080	2,993
Deferred exploration costs		
- Consulting	1,470	-
- Geological	13,218	-
- Lodging and food	382	-
	15,070	**-**
Effect of movements in exchange rates	7,658	(1,231)
Closing	**1,514,470**	**1,488,662**

As of September 30, 2025, the carrying value of the Silverton Silver Project is $1,514,470.

Outlook

In 2026, the Company will evaluate the results of the Phase 1 program and determine next steps. The Silverton Project is permitted for up to 2,600 meters of drilling across 13 drill sites. Subject to assay results, market conditions, and available capital, the Company may consider a follow-up drill program or other strategic alternatives.

Fahey Property

On October 20, 2025 (the "FP Effective Date"), the Company entered into a Mining Option Agreement with Fahey Group Mines, Inc. ("Fahey Group") granting the Company the exclusive right to acquire a 100% interest in eighteen unpatented lode mining claims located in Shoshone County, Idaho (the "Fahey Property"). The Property is subject to U.S. federal mining law and is currently in good standing.

To earn a 100% interest, the Company is required to make total consideration of US$50,000 in cash and common shares of the Company with a value of $450,000 to Fahey Group, and incur a minimum of $1,500,000 in eligible exploration expenditures, as follows:

- *Cash payments*
  - US$25,00 paid; and
  - US$25,000 due by June 30, 2026.

- *Share payments*
  - $50,000 by December 31, 2026;
  - $75,000 by December 31, 2027;
  - $75,000 by December 31, 2028;
  - $125,000 by December 31, 2029; and
  - $125,000 by December 31, 2030^.

  ______
  ^The Company may extend the deadlines for one year by issuing additional shares valued at $50,000.

  Share issuances are valued at the 20-day volume-weighted average trading price ("VWAP") of the Company's shares prior to issuance, subject to a minimum price of C$0.05 under CSE policies. The Company may elect to settle share-based payments in cash.

- *Exploration expenditures:*
  - $200,000 by December 31, 2027 and
  - $1,300,000 by December 31, 2030.

Upon exercise of the option, Fahey Group will retain a 2.0% NSR on all minerals produced from the Fahey Property. The Company may repurchase 0.5% of the NSR for US$1,000,000. A milestone payment of US$1,500,000 is payable upon commencement of commercial production, in cash or shares at the Company's discretion.

Outlook

The Company is looking to complete a surface exploration program during the summer of 2026 including mapping, rock sampling and a potential soil geochemistry program. A Plan of Operations permit for a future drill program is anticipated to be filed with the USFS by the end of the fall of 2026, highlighting future project exploration including drilling and project advancement.

(Expressed in Canadian Dollars)

SELECTED INFORMATION

	For the year ended		
	September 30, 2025	**September 30, 2024**	**September 30, 2023**
	$	**$**	**$**
Operating expenses	802,497	1,575,755	1,960,339
Interest and miscellaneous income	-	-	-
Net loss for the year	(893,896)	(1,575,755)	(1,960,339)
Comprehensive loss for the year	(802,192)	(1,590,423)	(1,988,457)
Basic and diluted loss per share:			
- net loss	(0.01)	(0.03)	(0.04)

As at	**September 30, 2025**	**September 30, 2024**	**September 30, 2023**
	$	**$**	**$**
Working capital (deficit)	836,049	(812,264)	801,882
Total assets	9,595,165	8,232,803	9,430,540
Total liabilities	430,207	885,280	524,094
Share capital	14,712,647	12,405,539	12,405,539
Deficit	8,236,046	7,342,150	5,766,395

The decrease in operating expenses during the year ended September 30, 2025, compared to the year ended September 30, 2024, was mainly due to the decrease in consulting fees, investor relations and promotions, professional fees, and project evaluation costs, which was partially offset by the increase in share-based payments. The decrease in operating expenses during the year ended September 30, 2024, compared to the year ended September 30, 2023, was mainly due to the decrease in consulting fees, general and administrative, investor relations and promotions and share-based payments, which was partially offset by the increase in professional fees and project evaluation costs

The increase in working capital during the year ended September 30, 2025 was due to the increase in cash from equity funds raised. The decrease in working capital during the year ended September 30, 2024 was due to the decrease in total assets as the share purchase agreement for the Shafter Silver Property was terminated.

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.

(Expressed in Canadian Dollars)

SUMMARY OF QUARTERLY INFORMATION

	Three months ended			
	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
	$	$	$	$
Interest income	-	-	-	-
Net loss	(397,330)	(216,415)	(126,152)	(153,999)
Comprehensive loss	(336,530)	(377,989)	(130,205)	42,532
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

	Three months ended			
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	$	$	$	$
Interest income	-	-	-	-
Net loss	(220,273)	(257,327)	(796,269)	(301,886)
Comprehensive loss	(257,284)	(226,353)	(730,217)	(376,569)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.02)

All of 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 Sep 30, 2025 was mainly due to the share-based payment expense arising from options that vested during the period. 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.

RESULT OF OPERATIONS

Three Months Ended September 30, 2025 compared with the Three Months Ended September 30, 2024

The Company is in the exploration stage and has no revenue from operations. During the three months ended September 30, 2025, the Company recorded a net loss of $397,330, an increase of $177,057, compared to a net loss of $220,273 for the three months ended September 30, 2024.

The increase in net loss during the three months ended September 30, 2025, is primarily due to the increase in investor relations and promotions, and share based payments, offset by the decrease in professional fees.

Investor relations and promotion was $26,562 for the three months ended September 30, 2025 compared to $13,032 for the three months ended September 30, 2024. The increase of $13,530 was primarily attributable to capital markets advisory services engaged during the three months ended September 30, 2025.

Share based payments were $218,285 for the three months ended September 30, 2025 compared to $nil for the three months ended September 30, 2024. The Company recognized share-based payments expense arising from the options vesting during the three months ended September 30, 2025.

Professional fees were $61,424 for the three months ended September 30, 2025 compared to $120,542 for the three months ended September 30, 2024. The decrease of $59,118 was mainly related to outstanding legal fees on the Shafter Silver Property, which included interest, court costs, and attorney fees recognized during the three months ended September 30, 2024.

Year Ended September 30, 2025 compared with the Year Ended September 30, 2024

The Company is in the exploration stage and has no revenue from operations. During the year ended September 30, 2025, the Company recorded a net loss of $893,896, a decrease of $681,859, compared to a net loss of $1,575,755 for the year ended September 30, 2024.

The decrease in net loss during the year ended September 30, 2025, is primarily due to the decrease in consulting fees, investor relations and promotions, professional fees, and project evaluation costs, offset by increase in share-based payments and debt settlement loss.

Consulting fees were $200,000 for the year ended September 30, 2025 compared to $246,539 for the year ended September 30, 2024. The decrease of $46,539 is related to the termination of corporate advisory service contracts that ended in May 2024.

Investor relations and promotion was $45,779 for the year ended September 30, 2025 compared to $285,764 for the year ended September 30, 2024. The decrease of $239,985 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 year ended September 30, 2025.

Professional fees were $248,681 for the year ended September 30, 2025 compared to $300,081 for the year ended September 30, 2024. The decrease of $51,400 was mainly related to outstanding legal fees on the Shafter Silver Property, which included interest, court costs, and attorney fees recognized during the year ended September 30, 2024.

Project evaluation costs were $6,680 for the year ended September 30, 2025 compared to $621,507 for the year ended September 30, 2024. The increase in the prior period was due to the termination of the Shafter Silver Property share purchase agreement, with related transaction costs expensed as project evaluation costs.

Share based payments were $218,285 for the year ended September 30, 2025 compared to $nil for the year ended September 30, 2024. The Company recognized share-based payments expense arising from the options vesting during the year ended September 30, 2025.

Debt settlement loss was $91,399 for the year ended September 30, 2025 compared to $nil for the year ended September 30, 2024. The loss arose from the issuance of common shares to settle outstanding payables. During the year, the Company issued an aggregate of 4,569,956 common shares with a fair value of $342,747 to settle payables totaling $251,348 owed to various service providers, including the CEO and CFO.

LIQUIDITY AND CAPITAL RESOURCES

Working capital and cashflow

As at September 30, 2025, the Company had a working capital of $836,049 (September 30, 2024 deficiency – $812,264) including cash of $1,248,302 (September 30, 2024 – $35,767).

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 $552,930 were recorded from operating activities during the year ended September 30, 2025. This is primarily due to outflows relating to consulting fees, general and administrative, investor relations and promotion, professional fees, regulatory and transfer agents and travel.

Financing activities

On December 16, 2024, the Company completed a non-brokered private placement (the "2024 Financing") by issuing 3,072,700 units at $0.055 per unit for total gross proceeds of $168,999. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 for a period of 36 months from the closing date of the 2024 Financing.

On April 21, 2025, the Company completed a non-brokered private placement by issuing 572,727 units at $0.055 per unit for total gross proceeds of $31,500. The proceeds were received during the year ended September 30, 2024. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 for a period of 36 months from the closing date of the financing.

On August 1, 2025, the Company issued 6,026,418 units at $0.055 per unit for total gross proceeds of $331,453, of which 2,431,818 units were subscribed by the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 until August 1, 2030.

On September 18, 2025, the Company issued 26,864,491 units at $0.055 per unit for total gross proceeds of $1,477,547, of which 2,952,310 units were subscribed by the CEO and CFO of the Company. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 until September 18, 2030.

OUTSTANDING SHARE DATA

At September 30, 2025, the Company had 98,686,796 (September 30, 2024 – 54,191,412) common shares issued and outstanding with a value of $14,712,647 (September 30, 2024 – $12,405,539).

During the year ended September 30, 2025

- On October 1, 2024, the Company executed an agreement with the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to settle outstanding payables amounting to $186,400 through the issuance of 3,389,092 common shares.

- On December 16, 2024, the Company completed a non-brokered private placement (the "2024 Financing") by issuing 3,072,700 units at $0.055 per unit for total gross proceeds of $168,999. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 for a period of 36 months from the closing date of the 2024 Financing.

  In connection with the 2024 Financing, the Company:
  - paid finders' fees of $5,285 in cash; and
  - issued 96,089 finders' warrants, each exercisable to acquire one common share at $0.07 for a period of 36 months from the closing date of the 2024 Financing.

- On April 7, 2025, the Company issued 4,569,956 common shares with a fair value of $342,747 to settle outstanding payables owed to various service providers including the CEO and CFO of the Company, totaling $251,348. As a result, the Company recognized a loss on debt settlement of $91,399, which was recorded in the consolidated statements of loss and comprehensive loss for the year ended September 30, 2025.

  In connection with the share capital transaction discussed above, the Company incurred $48,526 in share issuance costs.

- On April 21, 2025, the Company completed a non-brokered private placement by issuing 572,727 units at $0.055 per unit for total gross proceeds of $31,500. The proceeds were received during the year ended September 30, 2024. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 for a period of 36 months from the closing date of the financing. For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and determined that no value was allocated to the warrants.

- On August 1, 2025, the Company issued 6,026,418 units at $0.055 per unit for total gross proceeds of $331,453, of which 2,431,818 units were subscribed by the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 until August 1, 2030. For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and determined that no value was allocated to the warrants.

  In connection with the private placement, the Company:
  - paid finders' fees of $7,315 in cash; and
  - issued 133,000 finders' warrants, each exercisable to acquire one common share at $0.07 until August 1, 2030.

- On September 18, 2025, the Company issued 26,864,491 units at $0.055 per unit for total gross proceeds of $1,477,547 of which 2,952,310 units were subscribed by the CEO and CFO of the Company. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 until September

(Expressed in Canadian Dollars)

18, 2030. For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and determined that no value was allocated to the warrants.

In connection with the private placement, the Company:
- paid finders' fees of $44,678 in cash; and
- issued 1,012,353 finders' warrants, each exercisable to acquire one common share at $0.07 until September 18, 2030.

- 4,180,450 warrants were expired.
- 37,777,778 warrants were issued.
- No warrants were exercised.
- 5,050,000 options were issued.
- 1,530,000 options were cancelled.
- No options were exercised or expired.

Subsequent to September 30, 2025

- During the year ended September 30, 2025, the Company entered into an agreement to settle debt owing to a former service provider through the issuance of 1,500,000 common shares

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

- 100,186,796 common shares;
- 37,777,778 warrants with exercise prices of $0.07; and
- 6,755,000 stock options with exercise prices ranging from $0.055 to $0.62.

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:

Related Party	Relationship
Peter A. Ball	President, CEO and Director
Alnesh Mohan	CFO, Director and Corporate Secretary
Angie Ball	Corporate Administrator
Lawrence Roulston	Former Director
Donald Birak	Director
Ron Burk	Director, Technical Advisor
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

(Expressed in Canadian Dollars)

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 year ended September 30, 2025 and 2024:

	For the years ended	
	September 30, 2025 $	September 30, 2024 $
Peter A. Ball, CEO, President, Director (1)		
Consulting fees	200,000	200,000
Share-issuance costs	7,922	-
Share-based payments	83,003	-
	290,925	**200,000**
Alnesh Mohan, CFO, Director, Corporate Secretary (2)		
Professional fees	125,260	132,580
Share-issuance costs	24,500	-
Project evaluation costs	-	12,500
Share-based payments	49,802	-
	199,562	**145,080**
Ron Burk, Director, Technical Advisory		
Share-based payments	14,525	-
Angie Ball, Corporate Administrator (1)		
Professional fees	7,188	-
Share-based payments	2,075	
	9,263	
Donald Birak, Director		
Share-based payments	26,976	-
Michael Willett, Director		
Share-based payments	26,553	-
TOTAL	**567,804**	**345,080**

(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.

2,431,818 units and 2,952,310 units issued in connection with the private placements completed on August 1, 2025 and September 18, 2025, respectively, were subscribed by the Company's CEO and CFO.

During the year ended September 30, 2025, the Company completed the following debt settlement transactions through the issuance of common shares:

- On October 1, 2024, the Company executed an agreement with the CEO and CFO of the Company to settle outstanding payables amounting to $186,400 through the issuance of 3,389,092 common shares.

- On April 7, 2025, the Company issued 2,981,092 common shares to settle outstanding payables owed to the CEO and CFO of the Company, totaling $163,960.

In addition:

- On August 5, 2025, the Company granted 4,250,000 options with an exercise price of $0.055 to its directors, officers and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- On September 15, 2025, the Company granted 500,000 options with an exercise price of $0.08 to its directors and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

The balances due to the Company's directors and officer, included in accounts payable and accrued liabilities, amounted to $60,711 as of September 30, 2025 (September 30, 2024 – $196,442). These amounts are unsecured, non-interest bearing, and payable on demand. In addition, as discussed in Note 4, $350,360 was settled through the issuance of 6,370,184 common shares during the year ended September 30, 2025.

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 September 30, 2025, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

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, 2024 that impacted the Company's audited consolidated financial statements for the year ended September 30, 2025.

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 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.

During the year ended September 30, 2024, the Company received a court order regarding an amount owed to a law firm (the “Firm”). On May 13, 2024, a judgment was rendered against the Company for its failure to make payment for services rendered under the engagement letter. As a result, in addition to the amount owed to the Firm, the Company is responsible for paying attorney fees, court costs, and pre- and post-judgment interest. During the year ended September 30, 2025, the Company entered into a settlement agreement to resolve the outstanding amount through a cash payment of $137,947 (US$100,000), which was paid during the year, and the issuance of 1,500,000 common shares of the Company to settle the remaining balance. The shares were issued subsequent to September 30, 2025. As of September 30, 2025, $202,794 (US$145,720) remained outstanding and was included in accounts payable and accrued liabilities.

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 9 of our audited consolidated financial statements for the year ended September 30, 2025. 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, 2025.

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 received approval for the Plan of Operations and associated permitting for the Silver Strand Property. Issuance of the permit is conditional upon the Company's payment of the required bond to the U.S. Forest Service.

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 2025 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.

OTHER INFORMATION

Audit Committee

The Audit Committee's Charter

The Audit Committee has a charter. A copy of the Audit Charter is attached to the Company's management information circular dated February 23, 2022 which was filed on SEDAR+ at www.sedarplus.ca on March 3, 2022, and is specifically incorporated by reference into, and forms an integral part of, this MD&A.

Composition of the Audit Committee

The current members of the Audit Committee are Michael Willett (chair), Donald Birak and Alnesh Mohan. All members of the Audit Committee are considered to be financially literate. Mr. Mohan is the Chief Financial Officer of the Company, and, therefore, is not considered an independent member of the Audit Committee. Mr. Willett and Mr. Birak are not executive officers of the Company and, therefore, considered independent members of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Michael Willett, P. Eng. is a seasoned mining executive with 40+ years in mine engineering, development, and operations including senior level project evaluation and advisory roles for project re-starts with various mining companies across North America including Battle North Gold and Hudbay Minerals for 20+ years. Mike has operated at many senior roles including Chief Executive Officer and Vice President, more recently, Mr. Willett held the position of Vice President of Operations and Projects for Battle North Gold and was part of that team which successfully sold the company to Evolution Mining for $343 Million in 2021. Mr. Willett is a graduate of Queens University, with a BSc. in Mining Engineering and a Masters Certificate in Project Management from the Schulich School of Business.

Donald Birak is an active Fellow of the Society of Economic Geologists ("SEG") and is currently a member of the Budget and Investment committees of SEG. He is a Registered Member of the Society for Mining, Metallurgy and Exploration and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Birak is currently a Board Member of Stria Lithium Inc.

Alnesh Mohan is a Chartered Professional Accountant (CPA, CA) and has over 25 years of accounting, auditing, and tax experience providing advisory services to a wide array of clients. Acting on behalf of several public companies, Mr. Mohan has gained considerable experience in financial reporting, corporate governance and regulatory compliance. He is a partner at Quantum Advisory Partners LLP, a professional services firm providing outsourced CFO, financial advisory and accounting services.

Each member of the Company's present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

(Expressed in Canadian Dollars)

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year ended September 30, 2025, the Company has not relied on:

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*);

(b) the exemption in section 3.2 (*Initial Public Offerings*);

(c) the exemption in section 3.4 (*Events Outside Control of Member*); or

(d) the exemption in section 3.5 (*Death, Disability or Resignation of Audit Committee Member*).

The Company is relying upon the exemption in section 6.1 of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the year ended September 30, 2025.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor, other than Manning Elliott.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Manning Elliott, to the Company to ensure auditor independence. The following table outlines the fees incurred with Manning Elliott for audit and non-audit services in the last two fiscal years:

Nature of Services	**Fees Paid to Auditor in Year Ended September 30, 2025**	**Fees Paid to Auditor in Year Ended September 30, 2024**
Audit Fees(1)	$52,624	$52,624
Audit-Related Fees(2)	Nil	Nil
Tax Fees(3)	$12,000	$12,000
All Other Fees(4)	Nil	Nil
Total:	$64,624	$64,624

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

Corporate Governance

General

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The Board, on recommendation from the Compensation Committee, reviews executive compensation and recommends stock option (“**Options**”) grants.

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is “independent” if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship to the Company.

The non-independent members of the Board are Peter A. Ball, President and CEO of the Company, and Alnesh Mohan, CFO and Corporate Secretary of the Company. The independent members of the Board are Donald Birak and Michael Willett.

Other Directorships

Peter A. Ball is a director of Big Gold Inc.

Alnesh Mohan is a director of DGL Investments No. 1 Inc., Trail Blazer Capital Corp., and VSBLTY Groupe Technologies Corp.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors. The Company has not adopted a formalized process of orientation for new members of the Board. Orientation of new directors has been and will be conducted on an ad hoc basis through discussions and meetings with other directors, officers and employees where a thorough description of the Company's business, assets, operations and strategic plans and objectives are discussed. Orientation activities have been and will be tailored to the particular needs and experiences of each director and the overall needs of the Board.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO together with the Compensation Committee. The Compensation Committee's responsibility relates to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives.

The Compensation Committee makes recommendations to the Board and the Board then assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Other Board Committees

In addition to the Audit Committee, the Board currently has a Compensation Committee and a Corporate Governance Committee.

The independent members of the Compensation Committee are Donald Birak (Chair) and Michael Willett.

The members of the Corporate Governance Committee are Donald Birak (Chair), Peter A. Ball and Michael Willett.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

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.