

The following discussion and analysis of the operations, results, and financial position of Silver Wolf Exploration Ltd. (the “Company” or “Silver Wolf”) should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the notes thereto.

This Management Discussion and Analysis (“MD&A”) is dated November 25, 2021, and discloses specified information up to that date. Silver Wolf is classified as a “venture issuer” for the purposes of National Instrument 51-102.

***We recommend that readers consult the “Cautionary Statement” on the last page of this report.***

Additional information relating to the Company can be obtained by contacting David Wolfin, the CEO of the Company, on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company’s website at [www.silverwolfexploration.com](http://www.silverwolfexploration.com).

## **Business Overview**

Silver Wolf Exploration Ltd. (formerly Gray Rock Resources Ltd.) (“Silver Wolf” or the “Company”) was incorporated under the laws of the Province of British Columbia, Canada. The Company changed its name to Silver Wolf Exploration Ltd. on September 16, 2020. It is in the exploration stage with regards to its business of exploration and development of mineral properties. The Company owns the Silver Stream mineral claims in British Columbia, Canada. The Company’s head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

The Company is in the exploration stage. The financial statements, to which this MD&A relates, have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has accumulated losses of \$4,661,754 since incorporation. The Company’s ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

## **Overall Performance**

### **Surface Sampling Program – 9.31 g/t gold sample**

During Q3 2021, the Company announced assay results from three hundred and thirty six (336) grab samples collected during the 2<sup>nd</sup> phase of the exploration at the Ana Maria Property.

Highlights from Ana Maria Central and Ana Maria South are indicated in the tables below. The complete list of the samples are available on our website.

**Table 1: Significant highlights from Ana Maria Central**

Sample Number	Coordinate-X (WGS84)	Coordinate-Y (WGS84)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
63	633285	2838537	0.038	8	0.054	<b>1.490</b>	0.440
267	634500	2839833	0.270	<b>41</b>	0.025	0.109	0.116
275	633778	2839485	<b>1.000</b>	18	<b>0.912</b>	0.005	0.122
276	633771	2839491	<b>0.810</b>	3	<b>0.643</b>	0.007	0.302
279	633862	2839591	0.028	1	0.006	0.004	<b>1.290</b>
280	633863	2839591	<b>9.310</b>	4	0.029	0.046	<b>2.370</b>
281	633832	2839545	<b>0.840</b>	13	<b>1.470</b>	0.003	0.384
282	633792	2839532	<b>0.618</b>	2	0.036	0.005	0.118
295	635258	2840723	0.050	22	0.059	0.192	<b>1.200</b>
306	631215	2837419	0.012	<b>51</b>	0.099	<b>3.530</b>	0.208
410	633834	2839506	<b>0.667</b>	13	0.448	0.011	0.578

**Table 2: Significant highlights from Ana Maria South**

Sample Number	Coordinate-X (WGS84)	Coordinate-Y (WGS84)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
119	637266	2827998	0.003	<b>60</b>	<b>3.720</b>	0.004	0.061
120	637264	2827997	0.003	37	<b>2.100</b>	0.018	0.051
121	637260	2827995	0.003	<b>40</b>	<b>2.070</b>	0.008	0.044
333	636000	2828896	0.008	<b>42</b>	<b>1.250</b>	0.043	0.023
334	636009	2828900	0.016	<b>157</b>	<b>3.010</b>	0.046	0.010
335	636008	2828894	0.003	26	<b>1.350</b>	0.002	0.006
337	635987	2828881	0.003	<b>49</b>	<b>0.822</b>	0.232	0.065
418	636353	2828319	0.003	<b>87</b>	0.009	<b>2.690</b>	<b>3.200</b>
420	636372	2828322	0.003	<b>55</b>	0.006	0.792	<b>5.220</b>
422	636029	2828264	0.003	1	0.240	<b>2.140</b>	0.050
423	636030	2828266	0.003	1	0.065	0.157	<b>1.660</b>

As indicated in our August 3, 2021, press release, we engaged Spectir Advanced Hyperspectral Solutions to provide hyperspectral data via drone flight data acquisition. The results were positive and helped identify the skarn contact along the length of the intrusive zone within our claims. This provided specific locations along the 4.1 km long skarn contact to follow up with surface mapping and prospecting with our field geologists.

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### **Sampling and Assay Methods**

Grab samples are selective in nature, and do not necessarily reflect the general geology of the Ana Maria property. Samples were submitted to the SGS Laboratory facility in Durango, Mexico. Gold is assayed by fire assay with an AA finish. Multi-element analyses are completed using SGS ICP14B methods. Any copper, manganese or iron samples exceeding 10,000 ppm (1%) are assayed using SGS ICP90Q methods.

### **Option Agreement – Mexico Properties**

During 2020, the Company announced the signing of an option agreement (the “Option Agreement”) with Avino Silver & Gold Mines Ltd. (“Avino”), a company that is considered to be a related party as it has directors and management in common. Pursuant to the terms of the Option Agreement, the Company was granted the exclusive right to acquire an 100% interest in the Ana Maria and El Laberinto properties in Mexico (the “Option”), in consideration of the issuance to Avino of share purchase warrants to acquire 300,000 common shares of the Company at an exercise price of \$0.20 per share for a period of 36 months from the date of the TSX Venture Exchange’s final acceptance of the Option Agreement (the “Approval Date”).

During the nine months ended September 30, 2021, the Company received final acceptance from the TSX Venture Exchange and issued to Avino the share purchase warrants to acquire 300,000 common shares and issued 131,718 common shares at an average price of \$0.3796, valued at \$50,000, to satisfy the terms laid out in Item 1 a) of the Option Agreement.

Subsequent to September 30, 2021, the Company received proceeds of \$60,000 upon the exercise of the 300,000 share purchase warrants by Avino.

In order to exercise the Option, the Company will:

1. Pay or issue to Avino a total of \$600,000 in cash or common shares of the Company as follows:
  - a. \$50,000 in common shares of the Company within 30 days of the Approval Date;
  - b. A further \$50,000 on or before the first anniversary of the Approval Date;
  - c. A further \$100,000 on or before the second anniversary of the Approval Date;
  - d. A further \$200,000 on or before the third anniversary of the Approval Date; and
  - e. A further \$200,000 on or before the fourth anniversary of the Approval Date; and
2. Incur a total of \$750,000 in exploration expenditures on the properties, as follows:
  - a. \$50,000 on or before the first anniversary of the Approval Date;
  - b. A further \$100,000 on or before the second anniversary of the Approval Date; and
  - c. A further \$600,000 on or before the fourth anniversary of the Approval Date.

All share issuances will be based on the average volume weighted trading price of the Company’s shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the date of issuance of the shares, and the shares will be subject to resale restrictions under applicable securities legislation for 4 months and a day from their date of issue. Under the Option Agreement, the parties intend that the first two year’s payments (\$200,000 in cash or shares), and first \$150,000 in exploration work will be firm commitments by the Company.

Any exploration expenditures in excess of any period stated above will be applied towards the next succeeding period’s minimum requirements. During the option period, the Company will also assume liability and be responsible for all required semi-annual property payments required to maintain the properties in good standing.

The Company also granted to Avino a right of first refusal on 60 days' notice to Avino to purchase and process any ore or concentrate extracted from the properties under a custom milling contract at Avino's mine facilities.

### **Ana Maria Property**

The Ana Maria property is located 21 kilometres (km) northwest of the City of Gómez Palacio and the adjacent City of Torreón, and 1 km north of the town of Dinimta, in the municipality of Gómez Palacio, Durango, Mexico. The claims are located in the Minitas mining district in the Guadalupe Victoria mining region. The property consists of 9 mining concessions encompassing 2,549 hectares (ha).

Minimal documentation exists regarding the history and production at Ana Maria; however, historical reporting states that La Lucha was exploited for Iron (Fe) and Manganese (Mn). Production terminated in 1943 and it was estimated to have produced 12,000 tons of material and reserves of approximately 25,000 tons.

*The historical estimates of production and reserves as stated above are for historical reference only and do not use the categories set out in NI 43-101. The estimates are deemed relevant from the perspective that mineralization is present on the property which may indicate the existence of other related mineral assemblages. The QP has not validated nor verified these historical estimates nor any underlying data as information and data is not available. The QP has not done sufficient work to classify the estimates and the issuer is not treating the historical estimate as current. The source of the information is the Mexican Government website and USGS (United States Geological Survey) website.*

These projects are located in the North West-South East (NW-SE) striking fold-thrust belt of the Sierra Madre Oriental within a west trending prong known as the Sierras Transversales or the Monterrey-Torreón transverse system. It divides the Mesa Central, an elevated plateau to the South, from the eastern Mexican Basin and Range to the North.

The region hosts a number of carbonate replacement deposits (CRD's) within Cretaceous limestones and dolomites. Mineralization is associated with large stocks, dykes or sills of granitoids ranging from diorites to quartz monzonites and rhyolites and inferred to be lower crustal in origin. Mineralization is present as skarns or massive sulphides and occurred during Mid-Tertiary volcanism when the aforementioned intrusions were emplaced (Megaw et al., 1988 and references therein). The deposits typically produce silver, lead, zinc and copper although some districts, such as Ojuela (~10 kilometres from Ana Maria and La Zorra), are enriched in gold relative to typical CRD's.

### **Laberinto Project**

The Laberinto Project is located in the "Sierra de la Silla" northwest of the town of Francisco I. Madero in the municipality of Panuco de Coronado. It is approximately 60 kilometres northeast of the city of Durango City, México. The property consists of mining concession encompassing 91.7 ha.

El Laberinto is situated within the Tepahuano terrane, as are Ana Maria, La Recompensa, and the El Soldado projects, but in close proximity to the contact with the Tahue terrane, W of the Sierra Madre Oriental. The carbonates that host the CRD projects are absent; no Mesozoic rocks survived erosional processes in the region. Instead of the thrust belts of the Sierra Madre Oriental, the region is controlled by a series of North West-South East (NW-SE) to North North West-South South East (NNW-SSE) striking faults that create a horst-and-graben topography.

The main mineralized material at El Laberinto are comprised of iron, lead and zinc sulphides with minor silver sulphosalts. Gold and silver are present with minor lead and copper and to a lesser extent zinc. Values of gold and silver are localized in oxidized portions of the system suggesting that supergene enrichment may be an important component of the deposit. Mineralization is found in quartz veins, veinlet zones and, to a lesser degree, dissemination around veins and veinlets.

In the mid-1990's, the El Laberinto historical exploration performed by "Compañía Minera Mexicana de Avino S.A. de C.V." was focused on the objective of evaluating the potential of the main vein.

The historic work consisted of mapping and geological surface sampling, diamond drilling (3 Holes totaling 753.73 metres), mine development of the Jabalí Tunnel, with a strike length of 300 metres over the main structure and 80 metres in a cross-cut.

*The historical exploration work as stated above are for historical reference only. The QP has not validated nor verified the data as the information is not currently available. The source of the information is an internal report from the previous operator, Endeavor Silver Corporation.*

From September 2012 through to July 2013, work was carried out as part of the agreement between Avino Gold & Silver Mines (Avino) and Endeavour Silver Corp. (EDR) to test the potential of mineralization in the El Laberinto Claim.

This historical work included a mapping and systematic sampling campaign, collecting a total of 208 samples on surface with values of up to 8 grams per tonne ("g/t") gold & 421 g/t silver with the anomalous values mostly coming from the Laberinto Structure.

The drilling completed at that time was focused on the South part of the Laberinto Structure which was thought to have had the best potential of mineralization with large volumes and low grades. A total of 5 Holes were completed with 1,367 meters drilled and 2,800 samples were collected in both alteration zones and structures focused particularly in the host rock.

*The historic exploration activities as listed above were performed by previous operators. The QP has not validated nor verified the information nor any underlying data however the information is considered reasonable and reliable.*

### **Qualified Person**

Mr. Garth Kirkham P.Geol, Independent Consultant for Silver Wolf Exploration Ltd, is a Qualified Person ("QP") as defined by National Instrument 43-101 ("NI 43-101"), and has approved the scientific and technical disclosure on the Ana Maria and the Laberinto Properties, and prepared or supervised its preparation.

### **Canada Operations – Silver Stream Property**

Located 25km northeast of Bralorne, B.C., in the Lilloet mining district of British Columbia, the Company holds 100% tenure in the Silver Stream I and II mineral claims (the "Silver Stream Property"). First explored in 1988, the Silver Stream Property has produced a number of anomalous-to-significant gold showings in sampling, trenching, and drilling. Although still an "early-stage" property, a July 2006 Technical Report filed on SEDAR states: "...the nature of the mineralization seen in the known showings in the context of the Bridge River camp show the property has good potential to develop economic gold mineralization."

The renowned Bralorne gold mine, which produced 4.1 million ounces of gold between 1932 and 1971, lies about 25 kilometers southwest of Silver Stream. The average grade of the Bralorne mine complex was 0.52 opt gold, and it remains the largest historic gold producer of the Canadian



Cordillera.

Documented gold exploration on the Silver Stream Project, undertaken between 1987 and 2014, has involved approximately 1,759m of diamond drilling in 10 holes, hand and excavator trenching, mapping, rock geochemistry, and reconnaissance and grid soil geochemistry. Two significant zones of gold mineralization have been discovered, the Silverstream West and Southeast zones.

The claims comprising the Silver Stream Claims remain in good standing until July 29, 2022.

### Review of Operations

**Three months ended September 30, 2021 compared with the three months ended September 30, 2020.**

	2021	2020	Note
<b>General and Administrative Expenses</b>			
Administrative benefits and salaries	\$ 38,763	\$ 5,549	1
Automobile	549	55	
Consulting fees	19,400	21,566	
Depreciation	2,690	2,405	
Foreign exchange (gain) loss	7,076	51	2
Interest and bank charges	568	1,254	
Listing and filing fees	10,438	13,108	
Office and miscellaneous	25,464	4,112	3
Professional fees	20,710	6,497	4
Share-based compensation	4,500	-	5
Shareholder information	9,605	1,007	6
Transfer agent fees	3,836	3,185	
Travel	-	62	
<b>Operating Loss</b>	<b>(143,599)</b>	<b>(58,851)</b>	
<b>Other Items</b>			
Fair value adjustment for promissory notes payable	-	(83,178)	7
Currency translation differences	-	-	
<b>Net Loss For The Period</b>	<b>(143,599)</b>	<b>(142,029)</b>	<b>9</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified subsequently to income or loss:			
Unrealized gain on investments	(33,250)	(29,972)	8
Currency translation differences	(649)	-	
<b>Total Comprehensive Income (Loss)</b>	<b>(177,498)</b>	<b>(172,001)</b>	
<b>Basic and Diluted Loss per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>9</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>29,653,549</b>	<b>22,475,885</b>	



1. Administrative benefits and salaries for the three months ended September 30, 2021, were \$38,763 compared to \$5,549 for the three months ended September 30, 2020. The increase is primarily due to increased corporate activity required as a result of exploration activities of the Ana Maria and El Laberinto properties during Q3 2021.
2. Foreign exchange gains or losses result from transactions in currencies other than the Canadian dollar functional currency. During the three months ended September 30, 2021 the US dollar remained fairly constant in relation to the Canadian dollar and Mexican peso, resulting in a minimal foreign exchange gain.
3. Office and miscellaneous expenses for the three months ended September 30, 2021, were \$25,464 compared to \$4,112 during the same quarter last year. Higher office expenses were mainly due to higher dues and subscriptions at corporate level as a result of exploration activities during the year compare with nil prior year in the properties acquired mentioned above.
4. Professional fees for the three months ended September 30, 2021, were \$20,710 compared to \$6,497 during the same quarter last year. The increase is primarily due to higher professional fees associated with corporate legal expenses in Mexico related to new projects acquired in prior year which was completed in prior quarter.
5. Share-based payments are a result of the vesting of stock options granted in three months ended September 30, 2021, compared to \$Nil during the same period in 2020.
6. Shareholder information for the three months ended September 30, 2021, were \$9,605 compared to \$1,007 during the same quarter last year. The increase is mainly due to higher cost related to shareholders mail out and web cast and higher investor relations activities due to exploration project in process.
7. The fair value adjustment for promissory notes payable fluctuates with the fair value calculations of each note payable. During Q3 2020, the Company settled these promissory notes.
8. Unrealized gains or losses for the periods ended September 30, 2021 and 2020, are a direct result of the revaluation of the Company's investment in Garibaldi Resources Inc. ("GGI"). The Company held 190,000 common shares of GGI at September 30, 2021.
9. As a result of the transactions in the period, the Company recorded a loss of \$143,599, or \$0.00 per share for the three months ended September 30, 2021, compared to a loss of \$172,001, or \$0.01 per share for the three months ended September 30, 2020. The increased loss is a direct result of the items noted above.



***Nine months ended September 30, 2021 compared with the nine months ended September 30, 2020.***

	2021	2020	Note
<b>General and Administrative Expenses</b>			
Administrative benefits and salaries	\$ 99,617	\$ 17,552	1
Automobile	1,967	244	
Consulting fees	32,100	26,566	2
Depreciation	8,070	7,215	
Foreign exchange (gain) loss	(2,863)	60	3
Interest and bank charges	1,730	3,054	
Listing and filing fees	59,315	16,889	4
Office and miscellaneous	57,711	13,187	5
Professional fees	38,982	15,752	6
Share-based compensation	164,700	-	7
Shareholder information	13,308	1,031	
Transfer agent fees	9,619	4,154	
Travel	-	62	
<b>Loss Before Other Items</b>	<b>(484,256)</b>	<b>(105,766)</b>	
<b>Other Items</b>			
Fair value adjustment to promissory notes payable	-	(97,072)	8
<b>Net Loss For the Period</b>	<b>(484,256)</b>	<b>(202,838)</b>	<b>10</b>
<b>Other Comprehensive Loss</b>			
Items that will not subsequently be re-classified to net income or loss:			
Unrealized loss on investments	(37,050)	(61,957)	9
Currency translation differences	(608)	-	
<b>Total Comprehensive Loss</b>	<b>(521,914)</b>	<b>(264,795)</b>	
<b>Basic and Diluted Loss per Share</b>	<b>\$(0.02)</b>	<b>\$(0.01)</b>	<b>10</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>28,098,909</b>	<b>22,332,793</b>	



1. Administrative benefits and salaries for the nine months ended September 30, 2021, were \$99,617 compared to \$17,552 for the nine months ended September 30, 2020. The increase is primarily due to increased corporate activity required as a result of the acquisition and exploration activities of the Ana Maria and El Laberinto, as well as the completion of the \$1,000,000 non-brokered private placement during Q1 2021.
2. Consulting fees for the nine months ended September 30, 2021, were \$32,100 compared to \$26,566 for the nine months ended September 30, 2020. The increase is mainly consulting fees and consultant expenses for the technical report of Ana Maria and El Laberinto properties during January and February 2021.
3. Foreign exchange gains or losses result from transactions in currencies other than the Canadian dollar functional currency. During the three months ended September 30, 2021 the US dollar remained fairly constant in relation to the Canadian dollar and Mexican peso, resulting in a minimal foreign exchange loss.
4. Listing and filing fees for the nine months ended September 30, 2021, were \$59,315 compared to \$16,889 for the nine months ended September 30, 2020. The increase is due to additional expenses at the corporate level as a result of the properties acquired as well as the Company had additional expenses with the upgrade listing in the US market to the OTCQB.
5. Office and miscellaneous expenses for the nine months ended September 30, 2021, were \$57,711 compared to \$13,187 during the same quarter last year. Higher office expenses were mainly due to certain one-time training costs for key geological staff members and management, as well as increased corporate activity.
6. Professional fees for the nine months ended September 30, 2021, were \$38,982 compared to \$15,752 during the same quarter last year. The increase is primarily due to increased professional fees associated with corporate legal expenses in Mexico and Canada related to new projects acquired, as well as the closing of the private placement.
7. Share-based payments are a result of the vesting of stock options granted in nine months ended September 30, 2021. No stock options were issued during the same period in 2020.
8. The fair value adjustment for promissory notes payable fluctuates with the fair value calculations of each note payable. During Q3 2020, the Company settled these promissory notes.
9. Unrealized gains or losses for the periods ended September 30, 2021 and 2020, are primarily a direct result of the revaluation of the Company's investment in Garibaldi Resources Inc. ("GGI"). The Company held 190,000 common shares of GGI at September 30, 2021.
10. As a result of the transactions in the period, the Company recorded a loss of \$484,256, or \$0.02 per share, for the nine months ended September 30, 2021, compared to a loss of \$202,838, or \$0.01 per share, for the nine months ended September 30, 2020. The increased loss is a direct result of the items noted above.

## Summary of Quarterly Results

Quarter ended	2021	2021	2021	2020	2020	2020	2020	2019
	Sep. 30 Q3	Jun. 30 Q2	Mar. 31 Q1	Dec. 31 Q4	Sep. 30 Q3	Jun. 30 Q2	Mar. 31 Q1	Dec. 31 Q4
Total Revenue	-	-	-	-	-	-	-	-
Net loss	(143,599)	(75,229)	(265,428)	(50,893)	(142,029)	(29,577)	(31,230)	(1,675)
Other comprehensive income (loss)	(33,899)	978	(4,737)	(4,116)	(29,972)	67,122	(99,107)	(154,654)
Basic and diluted loss per Share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Total Assets	1,353,378	1,566,910	1,587,897	483,130	522,991	576,853	532,132	636,888

Net loss for Q3 2021 was higher than previous quarters, as the Company incurred higher salaries and office expenses as a result of the new projects acquired and incurred in additional professional fees and listing and filing fees as the Company was working towards TSX Venture approval of the Option Agreement.

The overall movements in other comprehensive loss in each quarter is a direct result of movements in the share price of the Company's investment in GGI, which is recorded through other comprehensive income or loss.

Management expects that costs will increase in the coming quarters with the acquisition of the Option Agreement on the Ana Maria and El Laberinto Properties.

## Liquidity and Capital Resources

Historically, the Company has raised funds through equity financing to fund its operations. At September 30, 2021, the Company had a cash balance of \$368,888, working capital of \$317,757, and accumulated losses of \$4,661,754 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future. However, there can be no assurance that the Company will be able to obtain additional financing, or achieve profitability or positive cash flow. If the Company is unable to generate positive cash flow or obtain adequate financing, the Company will need to further decrease its operations and exploration activities.

During the nine months ended September 30, 2021, the Company closed a non-brokered private placement for gross proceeds of \$1,000,000. Management will continue to review other financing options to raise capital in 2021 to meet its future obligations and operating expenses. Mineral exploration and development is capital extensive, and in order to maintain the terms of the recently announced Option Agreement, the Company may be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

The Company is in the exploration stage. The investment in and expenditures on the mineral properties comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.



### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Proposed Transactions & Subsequent Events

**Private Placement** – Subsequent to September 30, 2021, the Company announced a best efforts non-brokered private placement financing of up to 6,000,000 million units at a purchase price of \$0.25 per unit for aggregate gross proceeds of up to \$1,500,000. Each unit will be comprised of one (1) common share of the company and one half (1/2) of a non transferable share purchase warrant.

**Warrant Exercise** – Subsequent to September 30, 2021, the Company received an exercise notice for 300,000 warrants held by Avino Silver & Gold Mines Ltd. (“Avino”). The Company issued 300,000 common shares to Avino for proceeds of \$60,000.

### Related Party Transactions

#### (a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries, benefits, and consulting fees	\$ 16,878	\$ 2,556	\$ 41,691	\$ 12,956
Share-based payments	-	-	108,000	-
	\$ 16,878	\$ 2,556	\$ 149,691	\$ 12,956

#### (b) Amounts due to related parties

In the normal course of operations the Company transacts with companies related to its directors or officers. All amounts payable are non-interest bearing, unsecured, and due on demand. As at September 30, 2021 and December 31, 2020, the following amounts were due to related parties:

	September 30, 2021	December 31, 2020
Oniva International Services Corp.	52,732	73,090
	52,732	73,090



(c) Promissory notes issued to related parties

	Intermark Capital Corp.		Oniva	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Beginning balance	\$ -	\$ 29,458	\$ -	\$ 198,538
Borrowing	-	5,250	-	-
Shares issued to settle debt	-	(44,888)	-	(268,914)
Unwinding of the discount	-	1,794	-	12,091
Fair market value adjustment and loss on settlement	-	8,386	-	58,285
Ending balance	\$ -	\$ -	\$ -	\$ -

On August 14, 2020, the Company announced that it has entered into debt settlement agreements with two of its principal creditors, Oniva International Services Corp., which provides administrative services to the Company, and Intermark Capital Corp., which provides management services to the Company, through the Company's President & CEO, David Wolfen.

The Company settle an aggregate of \$330,318 in indebtedness in exchange for the issuance of a total of 1,651,587 common shares at a deemed price of \$0.20 per share. The shares were issued on September 18, 2020 and were valued at \$0.19 per share. The shares were subject to resale restrictions for a period of 4 months and a day from their issuance. As a result of the settlement, the Company recognized a loss on settlement of \$66,671.

(d) Related party transactions

During the nine months ended September 30, 2021, \$165,830 (2020 - \$37,878) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid \$4,449 of administrative fees during the nine months ended September 30, 2021 (2020 - \$947) to Oniva.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

### Critical Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period they become known.

### Financial Instruments

The fair values of the Company's cash, loan from a related party, trade and other payables, and amounts due to related party approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's available for sale investments and promissory notes payable are detailed in the unaudited condensed consolidated interim financial statements.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

#### (a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with a single Canadian financial institution.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2021, the Company had cash in the amount of \$368,888 (December 31, 2020 - \$26,027) in order to meet short-term business requirements. At September 30, 2021, the Company had current liabilities of \$110,452 (December 31, 2020 – \$112,022). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

The maturity profiles of the Company's contractual obligations and commitments as at September 30, 2021, are summarized as follows:

	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1-5 years</b>	<b>More Than 5 Years</b>
Trade and other payable	\$ 46,124	\$ 46,124	\$ -	\$ -
Finance lease obligations	50,200	11,596	38,604	-
Due to related parties	52,732	52,732	-	-
<b>Total</b>	<b>\$ 149,056</b>	<b>\$ 110,452</b>	<b>\$ 38,604</b>	<b>\$ -</b>

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to significant foreign currency risk, as the company currently has minimal transactions and balances in currencies other than the Canadian dollars.

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 market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk with respect to its investment in marketable securities, as they are carried at fair value based on quoted market prices.

(d) Classification of Financial instruments

IFRS 7 'Financial Instruments: Disclosures' establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2021:

		Level 1		Level 2		Level 3
Cash	\$	368,888	\$	-	\$	-
Investments		46,550		-		-
	\$	415,438	\$	-	\$	-



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**Risks associated with Public Health Crises, including COVID-19**

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company's production.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of this MD&A, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations. The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

**Risks**

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

### Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

As at November 25, 2021, the following common shares, warrants and stock options were outstanding:

	Number of shares	Exercise price	Remaining life (years)
Share capital	30,248,766	-	-
Warrants	320,250	\$0.60	0.81
Stock options	2,155,000	\$0.20 - \$0.44	0.25 – 4.12
<b>Total</b>	<b>32,724,016</b>		

The following are details of outstanding warrants as at September 30, 2021, and November 25, 2021:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (September 30, 2021)	Number of Underlying Shares (November 25, 2021)
September 15, 2022	\$0.60	320,250	320,250
March 26, 2024	\$0.20	300,000	-
<b>Total:</b>		<b>620,250</b>	<b>320,250</b>

The following are details of outstanding stock options as at December 31, 2020, and November 25, 2021:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (September 30, 2021)	Number of Shares Remaining Subject to Options (November 25, 2021)
February 23, 2022	\$0.39	990,000	990,000
June 23, 2022	\$0.44	200,000	200,000
January 8, 2026	\$0.20	965,000	965,000
<b>Total:</b>		<b>2,155,000</b>	<b>2,155,000</b>

### Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at September 30, 2021 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized, and reported within the time period specified in those rules and regulations.

### Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.





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### **Cautionary Statement**

This MD&A is based on a review of the Company's operations, financial position, and plans for the future based on facts and circumstances as of November 25, 2021. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.