

**MILLENNIUM SILVER CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**QUARTER ENDED SEPTEMBER 30, 2023**

This Management Discussion and Analysis (“MD&A”) prepared November 27, 2023, should be read in conjunction with the condensed consolidated financial statements for the quarter ended September 30, 2023.

**Description of Business**

Millennium Silver Corp. (the “Company” or “MSC”) is a mineral exploration and development company engaged in the acquisition, exploration and development of mining properties. The Company has acquired and is exploring silver-gold properties in Nevada, USA.

**Forward Looking Information**

The MD&A contains forward-looking statements about the Company’s future plans, objectives, strategies, financial conditions, results of operations, cash flows, exploration and development activities and businesses. The MD&A is “forward-looking” because it is based on current expectations, estimates and assumptions about the Canadian, USA and world economic climates, as they relate to metals and the mining industry, the Canadian and USA economic environment, the Company’s ability to explore and develop its mineral properties and to manage its assets and control its costs.

Certain information set forth in this document includes forward-looking statements. By their nature, forward looking statements are subject to numerous risks and uncertainties, some of which are beyond MSC’s control, including but not limited to: risks and uncertainties relating to the interpretation and assumptions used in calculating resource estimates; the execution and outcome of current or future exploration activities; information included or implied in the various independently produced and published technical reports; anticipated drilling and resource estimation plans; differences in actual recovery rates, grades, and tonnage from those expected; the inherent uncertainty of production and cost estimates, risks and uncertainties relating to timing and amount of estimated future production, capital expenditures and cash flows; risks relating to our ability to obtain adequate financing for our planned activities and to complete further exploration programs; foreign currency fluctuations; commodity price fluctuations; risks related to governmental regulations, including environmental regulations and other general market and industry conditions, as well as those factors discussed in the section entitled “Key Information – Risk Factors” in each management discussion and analysis.

All of the forward-looking statements contained in this MD&A are qualified by these cautionary statements and by stated or inherent assumptions. The key assumptions made in connection with these forward-looking statements include the following:

- The demand for base and precious metals is volatile and could substantially affect commodity prices;
- New financings will be required to meet the Company’s exploration programs and property payment requirements;
- Shareholder loans, private placements and joint venture agreements should continue to help fund property payments and exploration on certain properties;
- The risk of government regulations imposing requirements, that would significantly increase our exploration costs, is low in the Company’s existing property areas; and
- Our key personnel and consultants will continue their employment with or be available to the Company.

Although we believe these assumptions are reasonable, investors should not place undue reliance on forward-looking statements or the key assumptions, which apply only as of the date of this MD&A. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences, or effects, on us. Except as required by law, we undertake no obligation to update or revise forward-looking statements, even if circumstances or management's estimates or opinions should change.

### Selected Quarterly Information

	3rd Quarter Fiscal 2023	3rd Quarter Fiscal 2022	Year to Date Fiscal 2023
Expenditures	\$ 17,196	\$ 20,441	\$ 76,575
Loss (gain) on foreign exchange	\$ 2,534	\$ (3,597)	\$ 1,496
Net loss for the period	\$ (19,981)	\$ (20,441)	\$ (80,318)
Foreign currency translation gain (loss)	\$ 77,631	\$ 399,133	\$ (75,721)
Comprehensive income (loss) for the period	\$ 57,650	\$ 378,692	\$ (156,039)
Net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)

	September 30, 2023	December 31, 2022
Exploration and evaluation assets	\$ 6,673,959	\$ 6,643,945
Total assets	\$ 6,676,579	\$ 6,649,025
Total liabilities	\$ 450,847	\$ 338,391
Share capital	\$ 20,476,468	\$ 20,476,468
Common shares outstanding	221,505,226	221,505,226

### Summary Discussion

During the three months ended September 30, 2023, the Company recorded a net loss of \$19,981 as compared to a net loss of \$20,441 during the comparable period in fiscal 2023. The material variances during the quarters are as follows:

- i) Administration fees were \$1,987 in 2023 as compared to \$6,096 in fiscal 2022, a decrease of \$4,109 as the Company incurred less administrative expenses due to minimal operating activity in the current period;
- ii) Foreign exchange loss of \$2,534 in 2023 as compared to a foreign exchange gain of \$3,597 in fiscal 2022;
- iii) Office fees were \$678 in 2023 compared to \$2,715 in the third quarter of 2022 as the Company minimized office costs in the current period to preserve cash;
- iv) No rent was paid in 2023, compared to rent of \$3,000 for the three-month period in 2022; and
- v) Transfer agent and filing fees of \$747 in 2023 compared to \$2,602 in fiscal 2022, a decrease of \$1,855 in 2023.

As at September 30, 2023, the Company has working capital deficit of \$448,227 (December 31, 2022 – \$333,311). The increase in the working capital deficit is due to additional loans received by the Company to sustain its general operations for the current fiscal year.

## **COMPANY PROPERTIES**

### **Nevada, USA Properties**

#### **Silver Peak (Nivloc) Property, Esmeralda County**

In September 2007, the Company established its interest in the Silver Peak (Nivloc) Property, located in Esmeralda County, Nevada, by acquiring 9 unpatented claims for US\$75,000 and 110,000 shares.

During fiscal 2011, an additional 95 contiguous claims (the "Additional Claims") were staked and recorded.

In February 2011, and amended May 22, 2012, the Company executed an Option and Joint Venture Agreement, with Silver Reserve Corp. ("SRC"), pursuant to which the Company acquired the right to purchase up to an 85% interest in 18 unpatented lode claims (the "NL Extension Claims") contiguous with and surrounding the Company's existing Silver Peak (Nivloc) Property.

The Company acquired the interest in the NL Extension Claims by making cash payments of US\$350,000 and by issuing 1,925,000 shares over a period of five years as follows:

	Cash (US\$)	Common shares
Upon execution of Letter of Intent (paid)	5,000	–
Upon execution of Agreement (paid 2011)	5,000	–
Upon receipt of TSX Venture approval (paid and issued)	15,000	275,000
On or before September 15, 2011 (paid and issued)	35,000	300,000
On or before September 15, 2012 (paid and issued)	50,000	300,000
On or before September 15, 2013 (paid and issued)	70,000	350,000
On or before September 15, 2014 (paid and issued)	70,000	350,000
On or before September 15, 2015 (paid and issued)	100,000	350,000
	<b>350,000</b>	<b>1,925,000</b>

On October 14, 2015, the Company made the final payment of US\$100,000 to SRC, thereby acquiring an 85% undivided interest in the Silver Peak (Nivloc) Property. The Company registered this 85% undivided interest in the Silver Peak (Nivloc) Property with the US Bureau of Land Management (the "US BLM") and Esmeralda County, Nevada.

Following the Company's completion of a positive feasibility study, the Silver Peak (Nivloc) Property was developed on a joint venture basis where SRC had the right to contribute to the development of the 122 claim Silver Peak (Nivloc) Property and retained a 15% interest therein.

On January 7, 2016, the Company executed a Sale and Purchase Agreement, including an Option to Purchase Royalty Interest (the "Agreement"), to acquire SRC's remaining interests in the Silver Peak (Nivloc) Property (the "Transaction"). These interests include the following:

- (i) All rights, titles and interests owned by SRC in and to the remaining undivided 15% interest in and to the NL Extension Claims, and any and all licenses and permits pertaining thereto; and
- (ii) The sole and exclusive right and option to acquire a 15% interest in the 104 claims held by the Company (the "IMMI Claims").

Pursuant to the Agreement, the Company paid SRC US\$120,000 for the Silver Peak (Nivloc) Property interests detailed above (the "Silver Peak (Nivloc) Property Interests"), and SRC retained a royalty interest of 2% of Net Smelter Returns ("NSR") from the NL Claims and the IMMI Claims (the "Royalty Interest").

On December 22, 2016, the Company paid SRC US\$120,000 to acquire the 2% Royalty Interest, funded by Capital Mineral Resource Investments Limited ("CMRI"). As a condition of the funding the Company received from CMRI to purchase the Royalty Interest, 1% NSR of the Silver Peak (Nivloc) Property (the "1% Royalty Interest") was transferred to CMRI. CMRI granted to the Company an exclusive option to purchase 100% of CMRI's right, title and interest in the 1% Royalty Interest for \$2,000,000 for a period of ten years from December 24, 2016 (or any portion or portions thereof on a pro rata purchase price) at any time and from time to time on or before December 24, 2026.

In April 2017, the Company staked 42 lode claims, contiguous to the Silver Peak (Nivloc) Property, and acquired 8 unpatented lode claims contiguous thereto, all located in Esmeralda County, Nevada. The total cost was US\$62,700 and the issuance of 100,000 common shares of the Company.

In October 2017 (and amended on March 16, 2018), the Company executed Option Agreements with Silver Saddle Resources LLC (“Silver Saddle”) and Consent to Assignment Agreements between the Company, Silver Saddle and two underlying property owners (the “Silver Saddle Agreements”), to acquire 25 unpatented lode mineral claims located contiguous with the Company’s Silver Peak (Nivloc) Property (the “Silver Saddle Claims”) in Esmeralda County, Nevada.

Pursuant to the Silver Saddle Agreements, the Company acquired a 100% interest in the Silver Saddle Claims, subject to various net smelter return (“NSR”) royalties by making cash payments of US\$115,000 (paid) and by issuing 1,000,000 shares (issued).

The NSR royalties vary from 1.5% on eight of the claims, of which 1.25% NSR can be purchased for US\$190,000; 2.5% on seven of the claims, of which 1.25% NSR can be purchased for US\$110,000; and, 1.5% on ten of the claims, of which 0.5% NSR can be purchased for US\$500,000.

In November 2017, the Company staked an additional 14 claims contiguous to the Company’s Silver Peak (Nivloc) Property claims for US\$11,484.

The Company’s total land holdings in the Silver Peak (Nivloc) Property area include 211 claims covering in excess of 4,000 acres (1,600 hectares).

### Simon Property, Mineral County

Pursuant to an Option Agreement executed in December 2004, and a Settlement Agreement, with the Estate of Nadean Bedford, announced in November 2010, the Company acquired, and holds in good standing, a 100% interest in the Simon Property, consisting of 20 patented and 3 unpatented contiguous claims. The Company also acquired by staking, and holds, a further 34 contiguous unpatented mining claims, which are in good standing. The monthly payments are US\$2,000. There are no underlying royalties.

Pursuant to the terms of a binding letter agreement, dated June 15, 2022 (the “Altair Letter Agreement”), between the Company and Altair Resources Inc. (“Altair”), a British Columbia company that is publicly traded on the TSX Venture Exchange (the “TSX-V”), which agreement replaced a non-binding Letter of Intent dated May 7, 2021 (the “Altair LOI”), between the Company and Altair, and an addendum to the Altair LOI dated July 6, 2021, the Company has granted Altair an option to earn 65% interest in the Simon Property in exchange for reimbursement of the monthly option payments of US\$2,000 to the original property owner, plus share payments and exploration expenditures set out below, subject to TSX-V acceptance. The Altair Letter Agreement shall be replaced by an Earn-In Option Agreement following TSX-V acceptance (the “Altair Agreement”).

	Common shares	Exploration Expenditures (\$)
Upon receipt of TSX-V approval, issue:	500,000	-
Six (6) months following receipt of TSX-V approval, issue:	200,000	-
On the second anniversary of the Altair Agreement, issue:	300,000	-
On the third anniversary of the Altair Agreement, issue:	400,000	-
On the fourth anniversary of the Altair Agreement, issue:	500,000	-
On the fifth anniversary of the Altair Agreement, issue:	600,000	-
On or before December 31, 2022, complete exploration expenditures:		200,000
On or before December 31, 2023, complete exploration expenditures:		200,000 <sup>(1)</sup>
On or before December 31, 2024, complete exploration expenditures:		400,000 <sup>(2)</sup>
On or before December 31, 2025, complete exploration expenditures:		500,000 <sup>(2)</sup>
On or before December 31, 2026, complete exploration expenditures:		500,000 <sup>(2)</sup>
Between the fifth and sixth anniversary of the Altair Agreement, complete exploration expenditures:		400,000 <sup>(2)</sup>
	2,500,000	\$2,200,000

<sup>(1)</sup> of which at least 60% to be spent on core drilling.

<sup>(2)</sup> of which at least 75% to be spent on core drilling.

## **Newfoundland, Canada Properties**

### **Notre Dame Property**

On February 23, 2021, the Company entered into an option agreement whereby it can earn the sole and exclusive right and option to purchase 100% right, title, and interest in 96 mineral claims situated in the province of Newfoundland and Labrador, for \$6,240 (paid) and the issuance of 300,000 common shares of the Company (issued) within 10 business days of TSX-V approval. The optionor is entitled to receive a 0.25% NSR Royalty, which can be purchased by the Company for \$50,000. As at December 31, 2022, the Company recorded an impairment loss of \$46,640 as the Company has not planned any budgeted costs for future exploration of the property. In February 2023, the Company forfeited its rights to the property.

### **Pynns Brook Property**

On July 22, 2021, and as amended on July 27, 2021, the Company entered into an option agreement whereby it can earn the right and option to purchase 100% interest in 135 mineral claims situated in five claim groups in Deer Lake, Newfoundland and Labrador for \$6,825 (paid) and the issuance of 1,000,000 common shares of the Company, of which 500,000 common shares are due within 10 business days of TSX-V approval (issued) and 500,000 common shares are issuable by January 22, 2022 (issued). The claims are subject to a 1.5% NSR Royalty, of which 0.5% of the NSR Royalty can be purchased by the Company for \$500,000. As at December 31, 2022, the Company recorded an impairment loss of \$31,563. In July 2023, the Company forfeited its rights to the property.

## **EXPLORATION PROGRAMS**

### **Silver Peak (Nivloc) Property**

In 2011, the Company initiated a drilling program on the Silver Peak (Nivloc) Property. Thirty-seven (37) drill holes, totaling approximately 10,500 metres were completed by April 5, 2012. Thereafter, as a result of poor financial markets the Company did not carry out any exploration work, until it carried out prospecting and geological mapping programs in mid-2017 and at the end of 2017. Upon receipt of the next material financing, the Company is planning to carry out the next phase of its drilling program and geological modelling, which will be followed by a second phase drilling program, based on the results of the first phase program, pursuant to the Company's NI43-101 Technical Report dated April 15, 2019, which can be found at [www.sedar.com](http://www.sedar.com) or on the Company's website [www.millenniumsilver.ca](http://www.millenniumsilver.ca).

### **Selected Financial Data by Quarter**

( \$ )	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	17,196	19,597	40,029	100,900 <sup>(1)</sup>	20,441	24,024	47,179	42,196
Net loss for the period	(19,981)	(19,597)	(40,740)	(101,108)	(20,441)	(24,998)	(48,745)	(43,135)
Basic loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash	1,419	1,223	19,212	3,431	610	5,328	18,852	13,277
Current assets	2,620	2,943	21,164	5,080	5,474	10,744	24,591	18,933
Working capital (deficiency)	(448,227)	(377,374)	(356,201)	(333,311)	(307,326)	(210,563)	(197,859)	(116,334)

<sup>(1)</sup> Includes impairment of exploration and evaluation assets.

## Stock Option Plan

The Company has a stock option plan for its directors, employees, and consultants to acquire common shares at a price to be determined by the fair market value of the shares at the date of the grant. The Company may issue up to 10% of the outstanding common shares under the plan. Options granted under the Plan will have a maximum term of five years. Options granted to persons providing investor relations activities will become vested with the right to exercise at one-quarter of the options upon conclusion of every three months subsequent to the date of the grant of the options.

	Number of options	Weighted average exercise price \$
Outstanding and exercisable, December 31, 2022 and September 30, 2023	11,340,000	0.05

Additional information regarding stock options as at September 30, 2023 is as follows:

Range of exercise prices \$	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.05	11,340,000	2.4	0.05

## Share Purchase Warrants

A summary of the changes in share purchase warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Outstanding, December 31, 2022	35,385,250	0.05
Expired	(35,385,250)	0.05
Outstanding, September 30, 2023	–	–

## Loans Payable

- 1) As at September 30, 2023, the Company owed \$57,500 (December 31, 2022 - \$57,500) to a director of the Company, which is unsecured, non-interest bearing, and due on demand.
- 2) As at September 30, 2023, the Company owed \$25,000 (December 31, 2022 - \$25,000) to a family trust of the former CEO, which is unsecured, non-interest bearing, and due on demand.
- 3) As at September 30, 2023, the Company owed \$77,624 (December 31, 2022 - \$77,823) to a non-related party. The loans are unsecured, bear interest at 10% per annum, and of which \$27,000 was due on July 31, 2023 and \$50,624 (US\$37,524) was due on August 31, 2023.
- 4) As at September 30, 2023, the Company owed \$51,265 (US\$38,000) (December 31, 2022 -\$nil) to a non-related party. The loan is unsecured, bears interest at 5% per annum, and is due on demand.

## **Related Party Transactions**

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below. During the quarters ended September 30, 2023 and September 30, 2022, the Company had the following transactions and balances:

- 1) As at September 30, 2023, the Company owed \$44,227 (December 31, 2022 – \$36,387) to Cabo for administrative and rent fees. During the period ended September 30, 2023, the Company incurred administration fees of nil (2022 - \$18,000) and rent fees of nil (2022 - \$9,000) to Cabo.
- 2) As at September 30, 2023, the Company owes \$72,875 (December 31, 2022 - \$57,375) to directors and former directors of the Company, which is included in due to related parties. The amounts owing are unsecured, non-interest bearing, and due on demand. During the nine months ended September 30, 2023, the Company incurred directors' fees of \$15,500 (2022 - \$14,625) to directors of the Company.
- 3) As at September 30, 2023, the Company owes \$76,835 (December 31, 2022 - \$55,781) to a firm where the Chief Financial Officer of the Company is a partner. The amount owing is included in accounts payable and accrued liabilities. During the nine months ended September 30, 2023, the Company incurred \$20,250 (2022 - \$23,875) of professional fees to this company.
- 4) As at September 30, 2023, included in the due to related parties, there is a balance of \$3,520 (December 31, 2022 - \$1,500) owing to a family trust of the former CEO.
- 5) As at September 30, 2023, included in the due to related parties, there is a balance of \$8,659 (December 31, 2022 - \$5,000) owing to a company controlled by the former CEO of the Company.

## **Subsequent Event**

- 1) On November 15, 2023, the Company entered into a promissory note agreement with a non-related party for proceeds of US\$12,000. The amount owing is unsecured, bears interest at 5% per annum, and is due on demand.

## **Liquidity and Capital Resources**

As at September 30, 2023, the Company has working capital deficit of \$448,227 (December 31, 2022 – \$333,311).

## **Investor Relations**

Investor relations are carried out by management.

## **Industry Trends and Risks**

The business of mineral exploration, development and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company's properties have no known body of commercial ore and the proposed work programs include an exploratory search for ore. Unusual or unexpected formations, formation pressures, fire, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has no experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and will continue to rely upon consultants and others for operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined and fluctuations in the world prices of minerals produced.

## **Workforce Availability**

The demand and supply cycles for geologists, geophysicists and exploration and mining professionals change quite dramatically at times. This may cause shortages or excess supplies and consequently, can affect the Company either negatively, or to the positive, depending on the world's metal cycles. Management is relying on its long-standing relationships with well-qualified geologists and mining professionals to hire these professionals as they are needed in a business-like manner.

## **Metal Prices and Marketability of Minerals**

Metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectation of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The marketability of minerals, which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations (including price), the proximity of metal markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, and tenure, land use, the import and export of minerals and environmental production. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

## **Financial Risks**

The Company is an exploration and development stage company with no operating history and no pre-tax profit. There is little likelihood that the Company will realize any profits in the short term. Investors cannot expect to receive a dividend on their investment in the foreseeable future. The Company will require additional financing to carry out the exploration and development of its mineral property interests, and if financing is unavailable for any reason, the Company will not be able to carry out its planned exploration programs.

The Company does not have sufficient financial resources to meet the funding requirements to undertake, by itself, the recommended exploration programs for all of its properties over the next year. Fulfilling the terms of the various agreements, completing mineral property assessment work requirements and the development of the mineral property interests may require joint venturing of projects and renegotiating of some property agreements, as well as carrying out further equity financings, which would cause shareholder dilution.

## **Conflicts of Interest and Dependence on Key Personnel**

The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key employees and consultants, and to attract experienced senior officers and directors.

Certain of the Company's directors and officers serve as directors or officers of, and/or own securities of, other public companies. Such persons may have a conflict of interest in allocating their time and resources among the Company and such other companies. To the extent that these other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest.

## **Government Regulations**

Any operations carried on by the Company will be subject to government legislation, policies and controls relating to development, production, operations, environmental protection, taxes and labour standards. The Company presently has no insurance to protect against any of these, or other, potential liabilities. In addition, although the Company is not aware of any specific claim for aboriginal title rights in respect of the Company's mining tenements, it is possible that such a claim could be made in the future.



## **Significant Accounting Estimates and Judgments**

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### ***Critical Judgments***

- The analysis of the going concern assumption, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period; and
- The determination of whether it is likely that future economic benefits from exploration and evaluation expenditures are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

### ***Estimates***

- Recoverability of exploration and evaluation assets;
- Fair value of share-based payments;
- Rehabilitation provisions; and
- Unrecognized deferred income tax assets.

## **Exploration and Evaluation Assets**

Mining properties comprise the acquisition and maintenance of the mineral properties exploration rights and all exploration costs directly incurred on the properties. The Company records its interest in mining properties and related expenditures at cost or at an ascribed amount if the consideration is common shares. Recorded amounts are capitalized until the properties are brought into production, sold, abandoned or there is little or no exploration on the properties. Capitalized costs related to sold or abandoned properties are written off in the period of sale or abandonment or written down if there is little or no work planned for a property for the foreseeable future. Capitalized costs related to producing properties are to be amortized to production on the unit of production method, based upon estimated production capacity.

## **Share-based Compensation**

The Company has a stock option plan under which it grants stock options to directors, employees and consultants. Share-based compensation is recorded as an expense for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in contributed surplus. For options that vest in installments over the vesting period, each installment is accounted for as a separate arrangement.

The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted at each reporting date to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in contributed surplus is recorded as an increase in share capital.

For equity-settled share-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in contributed surplus, directly, at the fair value of the

goods or services received, unless that fair value cannot be estimated reliably, in which case the Black-Scholes option pricing model is used.

The Company has no cash-settled share based payment transactions.

### **Financial Instruments Risks**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk, as follows:

- a. The Company is not exposed to interest rate risk because its loans payable bear interest at a fixed interest rate or at nil interest. Fluctuations in market rates do not have a significant impact on the Company's operations.
- b. Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at September 30, 2023, the Company has working capital deficit of \$448,227 (December 31, 2022 – \$333,311). The Company manages this risk by evaluating current and expected liquidity requirements and seeking financing arrangements as necessary.
- c. Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.
- d. The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **Outstanding Share Information as of November 27, 2023**

Issued and outstanding capital: 221,505,226 common shares.

### **Warrants**

The Company has Nil share purchase warrants outstanding.

### **Stock Options**

The Company has 11,340,000 stock options issued and outstanding.

Additional information about the Company, including audited annual financial statements, is available on the SEDAR website: [www.sedar.com](http://www.sedar.com).