

SILVER SPRUCE RESOURCES INC.

Management Discussion and Analysis For the three and six months ended April 30, 2025

This discussion and analysis (MD&A) of the financial position and results of operations of Silver Spruce Resources Inc. (the Company) is prepared and has been approved by the Board of Directors as at June 26, 2025 and is a review of the financial condition as at April 30, 2025, and results of operations for the quarter ended April 30, 2025. This MD&A should be read in conjunction with the Company's consolidated financial statements and notes for the year ended October 31, 2024.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. Several important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Company Overview" with respect to management's planned exploration and other activities, and in "Liquidity", and "Commitments" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability; public health crises such as the COVID-19 pandemic and other uninsurable risks; actual results of current exploration activities; unanticipated reclamation expenses; fluctuations in prices of base and precious metals; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors

Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available on the Company's website at www.silverspruceresources.com or through the SEDAR+ website at www.sedarplus.ca.

Company Overview

Silver Spruce Resources Inc. (the "Company" or "Silver Spruce") is a junior exploration company headquartered in Bedford, Nova Scotia. The Company is focused on exploration for precious and base metals. The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "SSE", the OTC Pink under the symbol "SSEBF and the Frankfurt Stock Exchange under the symbol "S6Q".

The Company is focusing its business activities on exploring and advancing properties to maximize benefit to shareholders. The Company's diversified portfolio now includes:

- **Jackie Au-Ag Project** (100% owned) – early-stage epithermal project with high-grade surface sampling and strong structural targets located in Sonora, Mexico
- **Pino de Plata Ag Project** (Option to earn 100%) - a 397-hectare, high-grade silver property in Chihuahua, with historic artisanal mining located in western Chihuahua, Mexico
- **Melchett Lake VMS Zn-Ag-Au-Cu Project** (100% owned) - polymetallic project with historical drilling in the Thunder Bay Mining District of Ontario

As at April 30, 2025, cash reserves, totaled \$1,347. The Company's future performance is largely tied to the outcome of future exploration and its financial markets. The recoverability of minerals from the Company's properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties and upon future profitable production.

Expenditures on Mineral Properties

The table below outlines project exploration expenditures for the six months ended April 30, 2025 and 2024.

	2025	2024
	\$	\$
Pino de Plata	-	7,620
Melchett Lake	-	151,089
Jackie	-	9,479
Diamante	-	18,973
Mystery, Marilyn & Till	19,025	230,987
Total	19,025	418,148

Selected Quarterly Information

The table below outlines selected financial information related to the Company's most recent eight quarters, accompanied by the applicable comparative period information.

	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024
	\$	\$	\$	\$
Net loss	105,477	133,882	119,218	166,103
Net loss per share -basic and diluted	0.00	0.00	0.00	0.00
	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023
	\$	\$	\$	\$
Net loss	419,235	257,226	228,294	246,738
Net loss per share -basic and diluted	0.00	0.00	0.00	0.00

Results of operations can vary significantly by quarter as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital and the availability of external financing,

For the six months ended April 30, 2025, the Company had a net loss of \$239,359 (2024 – \$676,461) and a loss per share of \$0.00 (2024 - \$0.00).

The difference is the result of exploration and evaluation expenditures decreased by \$399,123, from \$418,148 for the six months ended April 30, 2024 to \$19,025 for the six months ended April 30, 2025.

Quarterly Expenditures on Mineral Properties

During the quarter ended April 30, 2025, and the quarters ended January 31, 2025, October 31, 2024 and July 31, 2024 and the comparative periods, the Company incurred the following expenditures on exploration:

	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024
	\$	\$	\$	\$
Melchett Lake	-	-	-	10,535
Jackie	-	-	7,010	-
Mystery, Marilyn & Till	3,500	15,525	45	3,235
Diamante	-	-	5,000	-
Pino de Plata	-	-	7,323	7,044

	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023
	\$	\$	\$	\$
Melchett Lake	143,089	8,000	8,900	6,700
Jackie	9,479	-	9,062	-
Mystery, Marilyn & Till	84,578	146,409	99,192	15,710
Diamante	18,473	500	4,812	170,250
Pino de Plata	6,620	1,000	17,922	-

PROJECTS – METALS

Scientific and technical information regarding the projects or mineral exploration properties presented in this section of the MD&A has been prepared, reviewed and/or approved by James Gregory Davison, MSc, PGeo (EGBC) Vice-President Exploration and Director, a qualified person who by reason of education, affiliation with a recognized professional association as defined in National Instrument 43-101 (NI 43-101) and specifically Engineers and Geologists British Columbia, and past relevant work experience, fulfills the requirement of a Qualified Person (QP) as defined in NI 43-101.

Melchett Lake, Ontario

In September 2019, the Company signed a binding letter of intent with three parties to acquire 100% of the Melchett Lake zinc-gold-silver volcanogenic massive sulphide (VMS) project, an advanced precious and base metal project in the Thunder Bay mining district, Northern Ontario, Canada.

After completing due diligence, the Company entered into a purchase Agreement on November 20, 2019 to acquire 100% of the property. As consideration, the Company agreed to incur \$1,000,000 in work expenditures, pay the vendors \$150,000 in cash and issue 5,000,000 common shares of the Company to the vendors, spread over a three year period.

On February 15, 2024, the Company announced that it has negotiated an amendment to the Melchett Lake option agreement. The amendment allowed the Company to acquire 100% interest in the Melchett Lake property in exchange for a final cash payment of \$20,000 and a final issuance of 10,000,000 common shares of the Company

to the vendors, both of which have been completed in March 2024. Additionally, the vendors agreed to waive the requirement for the Company to incur all remaining exploration expenditures under the original agreement.

In March 2024, the Company purchased additional claims contiguous with the Melchett Lake property. The Company paid \$1,100 in cash and issued 350,000 common shares of the Company to the vendor.

The vendors have retained a 2% net smelter return royalty, of which 1% can be purchased by the Company for \$1,000,000 and the remaining 1% at market price.

The property, located within the Melchett Lake greenstone belt of the English River sub province of the Archean-age Superior province, is underlain by a bimodal mafic-felsic sequence of pyroclastic, tuffs and flows with cherts and iron-lean (Fe) to Fe-rich iron formation. The Melchett Lake belt contains several occurrences of polymetallic zinc-lead-copper-silver-gold (Zn-Pb-Cu-Ag-Au) VMS mineralization similar to ore deposits exploited at Mattabi, Winston Lake, Geco, Brunswick and Rouyn-Noranda. Base metal mineralization consisting of pyrite, sphalerite, chalcopyrite and galena occurs within the intermediate to felsic metavolcanic sequences of the property. There are locally high-grade lenses of Zn and Ag, with variable Cu, Au and Pb and historical gold grades to 28.8 g/t Au, silver grades to 560 g/t Ag and zinc grades to 19.1 per cent.

Highlights of the prospective geology, alteration and mineralization include multiple folded or stacked horizons of coincident alteration and metal mineralization, high Zn/Cu, Zn/Pb and Ag/Au ratios, extensive remobilization of major and trace elements with defined enrichment ((Fe), magnesium (Mg), cobalt (Co), chromium (Cr) and cadmium (Cd)) and depletion (sodium (Na), strontium (Sr) and calcium (Ca)) zones and continuity, increased alteration, and anomalous metal values over large intervals with a strong electromagnetic off-hole response. Work permit applications for the peripheral claims were received from the Ministry of Mines in Q3 2023. Application for the next three-year core claim permit will be initiated in the next quarter. No new field exploration work was conducted during the current quarter.

Plans for the 2023 and 2024 seasons were deferred into 2025 and beyond; cut grid preparation and completion of the Quantec ground geophysics, and initiation of mapping, sampling and targeted drilling are proposed. Mapping, prospecting and sampling also are planned for gold targets and structural geology compilation. Further archeological studies are proposed and ready to mobilize prior to the drilling program approvals.

Jackie, Mexico

On November 17, 2020, the Company signed a Definitive Agreement with Colibri Resource Corp. to acquire 50% interest in the Jackie Gold Project in Sonora, Mexico. As consideration, the Company issued a total of 1,000,000 common shares and paid US\$50,000.

There was a minimum work expenditure total of US\$100,000 over two years, with a minimum of US\$50,000 within 12 months of the TSX approval. During this period, the Company was responsible for 100% payment of the surface rights Agreements when exploration is active and 50% of the property taxes.

The Company met the work expenditure target during fiscal 2022 and earned its 50% interest in Jackie. The Company is responsible for its pro rata portion of the biannual semester tax payments.

Subsequent to April 30, 2025, the Company acquired the remaining 50% interest in the Jackie Project from Colibri, giving the Company a 100% ownership and full control of the Jackie Property. In consideration for Colibri's 50% interest, the Company issued \$25,000 worth of its common shares, granted a 1% net smelter return ("NSR") royalty on any future production from the Jackie Project, and relinquished its 25% interest in the Diamante Project.

The 1,130-hectare Property is easily accessible from Hermosillo and heading south from Mexican Highway #16, and from Ciudad Obregón travelling north on Hwy. #17 with vehicles and pack teams along unpaved roads and trails.

The Property is situated approximately six kilometres northwest of the Nicho deposit currently under mine development by Minera Alamos. Other nearby large operating mines include Alamos Gold's Los Mulatos gold mine and Agnico Eagle's La India gold mine located 50-60 km to the northeast, Agnico Eagle's Pinos Altos Mine, 95 km southeast and Argonaut's La Colorada Mine, 100 km to the west.

The Jackie Project is located within the western portion of the Sierra Madre Occidental Volcanic Complex within the prominent northwest-trending "Sonora Gold Belt" of northern Mexico and parallel to the precious metals-rich Mojave-Sonora Megashear.

Preparation of an updated environmental report for trenching and drilling programs will be required from SEMARNAT to obtain new permits. Plans for the next exploration program are pending.

Pino de Plata, Mexico

On May 29, 2025, the Company amended the option agreement to earn a 100% interest in the in the Pino de Plata property. The revised terms include a US\$10,000 cash payment on signing and a future sales participation right set at 10% for the option period of three years. The participation right is calculated as a percentage of the gross proceeds from any transaction wherein the Company sells an interest, either in whole or in part, in the Pino de Plata property.

There are no exploration spending commitments, future cash or share payments or royalties payable. This revised agreement eliminates all outstanding cash and share payments US\$625,000, advance royalties US\$120,000 annually and 3% gross production royalty (capped at US\$4 million). The 36-month option window will execute only upon signing of a landowner access agreement.

As of the current date since July 2019, negotiations with the landowner representatives are being monitored by the Board and management of the Company's Mexican subsidiary through its legal counsel in Hermosillo, Mexico. A proposal for terms of agreement have been provided and the Company remains open for potential meetings in the next quarter.

The property is 397 hectares located approximately fifteen kilometers from Coeur Mining Inc.'s Palmarejo open pit and underground operations. This Property shows historical small-scale mining of high-grade silver (> 1,000 g/ton) and the entire project sits on top of an intrusive system with widespread anomalous mineralization. The mining concessions on the Property have been held by the same family since 1984 and have never been drilled or fully explored by modern methods.

In May 2015, Silver Spruce completed an initial National Instrument 43-101 exploration assessment report which identified three areas for follow-on exploration and drilling. The 43-101 involved on-site field examination which systematically sampled areas of known small-scale historical production. Of note, the areas sampled show widespread intrusive epithermal mineralization at surface with silver values, on average, of greater than 50 grams per tonne (g/t), that is 1.6 ounces per ton (opt), over an area of more than 1 square km (>100 Ha). Specific targets were sampled with silver (Ag) assays of up to 557 g/t or 17.9 opt. The following are the three target areas identified in the 43-101.

The Terrero target was identified as having an area of over 20,000 square meters (>2 Ha), where the replacement epithermal mineralization in igneous rocks contains good silver grades at surface in unoxidized rock. Seven out of nine samples, taken at surface, contained > 1 opt Ag to as much as 17.9 opt Ag with an average silver grade of 250g/t (8 opt) Ag.

The Santa Elena, a Gossan target area, presents a viable target for replacement Ag-Pb-Zn-Cu deposits. Unoxidized replacement mineralization from the Santa Elena Mine approaches 200 g/t (6.4 opt) Ag. This area has the potential for relatively shallow replacement mineralization over an area of > 20 Ha. The sampling in the Santa Elena – Gossan target area also revealed elevated values of >2-3% Zn and anomalous Au, Cu and Pb.

Vein targets comprise the Sierpe and Theodora veins which are open on strike and have significant values of Ag

(>250 g/t or 8 opt Ag) and potentially minable widths (≥ 1 m). Newly exposed, Ag mineralized quartz veins in road cuts to the west along with favorable alteration west of the Sierpe and Theodora mines make these attractive vein targets. The sampling in the Sierpe I, Sierpe II and Theodora vein target areas also revealed elevated values of up to 5% Pb and up to 7% Zn, with anomalous Au values up to 0.461 g/t.

No on-site or remote activities were carried out during the current quarter through April 2025. Further, given the land access issues, the Company has conducted no on-site ground-based activities since June 2019.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

Operating Activities

The Company had a net cash outflow from operating activities of \$839 for the six months ended April 30, 2025 (2024 - \$294,972). The operating cash flows represent the net cash loss for the period offset by the changes in the trade payables and accrued liabilities, prepaid expenses and receivables.

Financing Activities

The Company had a net cash inflow from financing activities of \$nil for the six months ended April 30, 2025 (2024 – outflow \$1,733). Financing activity reflects the repayment of the lease liability.

Liquidity

The Company had cash of \$1,347 as at April 30, 2025 (October 31, 2024 - \$2,186). The change in non-cash operating working capital as at April 30, 2025 was a cash inflow of \$223,255 (2024 – \$198,603).

Capital Resources

The Company's authorized capital consists of an unlimited number of common and preference shares without par value. The following table outlines the outstanding share data.

As at	Common Shares	Warrants	Stock Options	Fully Diluted
October 31, 2024	322,547,832	116,170,832	6,416,667	445,135,331
April 30, 2025	324,152,832	116,170,832	6,416,667	446,740,331
June 26, 2025	324,152,832	116,170,832	1,300,000	441,623,664

Going Concern (Note 2 – April 30, 2025 Financial Statements)

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS Accounting Standards on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company is an exploration stage company and does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date, the Company has not earned revenues from mining activities and does not have a firm timeline until such revenues can be reasonably expected to be realized. The Company's interests in exploration properties are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company's continued existence is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, and future profitable production. It is not possible to predict whether financing efforts will be successful.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do

not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory, social and environmental requirements and may be affected by undetected defects.

While the condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, several adverse conditions, cast significant doubt on the validity of this assumption. The Company has incurred a net loss of \$239,359 during the six months ended April 30, 2025, has an accumulated deficit of \$46,735,198 and has no source of revenue. The Company has working capital deficit at April 30, 2025. Although the Company has been successful in raising funds in the past and during the year, there is no assurance that it will be able to successfully complete further financings. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. Such adjustments could be material.

RELATED PARTY TRANSACTIONS

Included in trade payable and accrued liabilities as at April 30, 2025 is \$83,375 (October 31, 2024 - \$66,125) owing to directors and companies controlled by directors of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the six-month period ended April 30, 2025, key management personnel compensation consisted of services provided by directors or companies owned by directors or officers of \$17,250 (2024 - \$55,616), which are classified as \$17,250 (2024 - \$33,600) for consulting fees, and \$nil (2024 - \$22,016) as exploration and evaluation expenditures on the condensed consolidated interim statement of operations.

OFF-BALANCE-SHEET TRANSACTIONS

There are no off-balance sheet transactions contemplated at this time.

COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through commitment

Flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures ("CEE") incurred on the Company's mineral properties to flow-through participants. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. The Company has indemnified the subscribers for certain tax-related amounts that become payable by the subscribers should the Company not meet its expenditure commitments.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Judgments, estimates and assumptions are continuously evaluated and are based on management's experience

and other factors, including expectations of future events that are believed to be reasonable under the circumstances, third party advice and financial reporting requirements. However, actual outcomes can differ from these estimates.

The Company has identified the following areas under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Share-based payments

The Company makes certain estimates and assumptions when calculating fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life, forfeiture rates and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

RECENTLY ADOPTED ACCOUNTING STANDARDS

IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

In May 2023, the IASB issued an amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to supplier finance agreements. The amendment requires additional disclosure of supplier finance arrangements, including the terms and conditions, carrying amounts, and payment due dates. The amendment is effective for annual periods beginning on or after January 1, 2024 (for the Company's annual period ending October 31, 2025), with earlier adoption permitted. As the Company does not have any of these arrangements, the application of this amendment had no impact on the condensed consolidated interim financial statements, and will apply the amendments at the effective date.

Recent accounting pronouncements not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after November 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which is intended to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. It will affect all companies using IFRS Accounting Standards. IFRS 18 introduces new sets of requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies through:

- Improved comparability in the statement of operations;
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

IFRS 18 also requires companies to provide more transparency about operating expenses, helping investors to find and understand the information they need. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, amounts receivable, accounts payable and accrued liabilities on the balance sheets approximate fair value due to their short-term maturity.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis.

TSXV listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the Chief Executive Officer and the Chief Financial Officer certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

RISKS AND UNCERTAINTY

The Company's financial success is dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no source of financing other than those identified in the section on liquidity, financings and capital resources.

Dependence on Management

The success of the operations of the Company is also dependent to a significant extent on the efforts and abilities of its management team. The Company depends on key personnel and cannot provide assurance that it will be able to retain such personnel. Failure to retain such key personnel could have a material adverse effect on the Company's

business and financial condition.

Potential conflict of interest

Certain directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies, including activities involving mining and mineral activities. As a result of these and other activities, such directors and officers may become subject to conflicts of interest.

Financial risk

Global markets have been adversely impacted by the Covid-19 pandemic and could be impacted by other emerging infectious diseases and/or the threat of outbreaks of viruses, other contagious or epidemic diseases in the future. The Covid-19 pandemic has resulted in a widespread crisis that has adversely affected the economies and the financial markets of many countries, resulting in an economic downturn which could adversely affect the Company's business and the market price of its securities.

Credit Risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables, except Mexican VAT receivable on which the Company has recorded an allowance, is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

Interest rate risk

The Company has no loan payable, therefore is not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. However, the Company has operations outside of Canada, and therefore could be at risk for currency translations. The Company's property acquisition obligation (Note 7(a)) is denominated in United States Dollars ("US\$") and is subject to fluctuations in that currency's value relative to the Canadian dollar. The value of the obligation at April 30, 2025 is \$34,530 (US\$25,000), therefore a 10% rise or fall in the Canadian dollar against the US dollar would have resulted in a decrease (increase) of \$3,453 in the net loss.

Mexican Operating Risk

The Company's operations in Mexico are exposed to various levels of political, economic and other risks and uncertainties and any changes in the political or economic climate in Mexico, even if minor in nature, may adversely affect the Company's exploration activities. These risks and uncertainties vary from time to time and include, but are not limited to: labour disputes, invalidation of governmental orders and permits, uncertain political and economic environments, potential for bribery and corruption, high risk of inflation, currency devaluation, high interest rates, sovereign risk, military repression, civil disturbances and terrorist actions, arbitrary changes in laws or policies, consents or rejections, granting of waivers, corruption, arbitrary foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, difficulty obtaining key equipment and components for equipment and inadequate infrastructure.

Exploration risk

There is no assurance that the activities of the Company will be successful and result in economic deposits being discovered and in fact, most companies are unsuccessful due to the low probability of discovering an economic deposit. Once mineralization is discovered, it may take several years until production is possible during which time the economics of a project may change. Substantial expenditures are required to establish reserves through drilling. The Company's ability to establish a mining operation is subject to a host of variables, such as the physical, technical and economic attributes of a deposit, availability of capital, cyclical nature of commodity markets and government regulations.

Exploration activities involve risks which even a combination of experience, knowledge and prudence may not be able to overcome. Exploration activities are subject to hazards and risks which could result in injury or death, property damage, adverse environmental conditions and legal liability. Fires, power disruptions and shortages and the inability to access land or obtain suitable or adequate equipment or labour are some of the hazards and risks involved in conducting an exploration program.

CURRENT MARKET CONDITIONS

The fundamentals for gold and silver have improved and are expected to remain strong for 2025. The Company is excited about the Melchett Lake, Diamante, Jackie, Pino de Plata, and Mystery silver/gold prospects for this reason.

OUTLOOK

The Company is currently concentrating its efforts on mineral projects that need focused exploration and short-term investment. As at April 30, 2025, the Company's cash is \$1,347 and has working capital deficit of \$465,845. The Company is actively pursuing financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Company. Failure to obtain sufficient and timely financing may result in delaying or indefinitely postponing exploration or development activities. If the Company obtains debt financing, it may expose its operations to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution.