

**Nevada Silver Corporation**  
**Management's Discussion and Analysis**  
*Three and nine months ended September 30, 2022 and 2021*

# Nevada Silver Corporation

## Management's Discussion and Analysis

Three and nine months ended September 30, 2022 and 2021

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**Dated: November 29, 2022**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Nevada Silver Corporation ("NSC" or the "Company") was prepared by management of the Company as at November 29, 2022, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2022 (the "Financial Statements"). These condensed interim consolidated financial statements include the financial information of NBS and its wholly-owned and controlled subsidiaries, Electric Metals (USA) Limited ("EML"), Electric Metals (USA) Inc., North American Silver Corp. ("NAS") and Centennial Mining Inc. The Company also owns 90.5% of North Star Manganese Inc ("NSM"). Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Financial Statements have been prepared by management and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

### Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, limited operating history; no history of earnings or payment of any dividends; unlikely to generate earnings or pay dividends in the immediate or foreseeable future; possible variations in mineral resources; labour disputes; operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; political, regulatory, environmental and other risks of the mining industry; reliance on management team; conflicts of interest among certain directors and officers of the Company; lack of liquidity for shareholders of the Company; and market risk.

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

### Description of Business

The Company was incorporated under the *Canada Business Corporations Act* on March 1, 2018. The head and registered offices of the Company are located at Suite 800, 365 Bay Street, Toronto ON M5H 2V1. The Company is engaged in the exploration and development of mineral properties in the USA. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "NSC". Effective January 2022, the Company obtained approval for trading on the OTCQB and commenced trading on the OTCQB under the ticker symbol "NVDSF".

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The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility as a result of this economic uncertainty. The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in the Ukraine to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

### The Reverse Takeover Transaction

On April 30, 2021, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") with EML, an unlisted public company incorporated under the laws of New South Wales, Australia, by way of a Court-approved definitive scheme implementation agreement (the "Arrangement Agreement") under the laws of Australia. Pursuant to the Arrangement Agreement, the Company acquired all of the issued and outstanding ordinary shares of EML, and EML became a wholly-owned subsidiary of the Company (the "Resulting Issuer") following completion of the Transaction.

Upon completion of the Transaction, the consolidated entity has continued to carry on the business of EML which is the exploration and development of mineral properties in the USA. EML owns the Corcoran Canyon Silver Project ("Corcoran"), a primarily silver/gold property in Nevada, United States, and the Emily Manganese Project ("Emily"), a property primarily prospective for manganese, in Minnesota, United States. The Corcoran project is 100%-owned by EML through wholly owned subsidiaries, while the Emily project is 100%-owned by NSM, of which EML has a 90.5% ownership interest.

Prior to completing the RTO, the Company consolidated its common shares on the basis of 0.73271 (new) common shares for each (old) common share (the "Consolidation"). Pursuant to the terms of the Arrangement Agreement, all outstanding shares of EML were exchanged for post-Consolidation common shares of the Company on a one-for-one basis. In the aggregate, the Company issued a total of 59,121,943 common shares, which included 43,820,020 common shares issued to shareholders of EML and 15,301,923 common shares issued to investors in the non-brokered concurrent financing conducted by the Company and EML to raise aggregate gross proceeds of \$5,049,635 (the "Concurrent Financing"). A total of 7,650,962 warrants of EML and the Company were also issued in connection with the Concurrent Financing. Each such warrant entitles the holder to acquire one share of the Company at an exercise price of \$0.60 per share for a period of two years from the closing of the Transaction (the "Warrant Expiry Date"). The Company will be entitled to accelerate the Warrant Expiry Date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be greater than \$1.00 for twenty consecutive trading days.

On May 6, 2021, the TSXV accepted the filing of the RTO.

Prior to completing the Transaction, NSC advanced an unsecured loan of \$25,000 to EML in order for EML to satisfy property payments and other obligations during the process of completing the Transaction. The loan was evidenced by a promissory note, which contained customary events of default. The loan has been eliminated for consolidated financial statement purposes.

As a result of the Transaction, the former shareholders of EML, for accounting purposes, were considered to have acquired control of NSC. Accordingly, the acquisition of EML was accounted for as a reverse takeover that was not a business combination and effectively was a capital transaction of EML. EML has been treated as the accounting parent company (legal subsidiary) and NSC has been treated as the accounting subsidiary (legal parent) in the consolidated financial statements. As EML is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in the condensed interim consolidated financial statements at their historical carrying value. NSC's results have been included from April 30, 2021, the date of the Transaction.

Since NSC's operations did not constitute a business under IFRS 3, Business Combinations, the carrying value of the net assets of NSC has been credited to the share capital of the Resulting Issuer. Listing expense is expensed and represents the excess of fair value of NSC shares retained by the former NSC shareholders over the net assets of NSC. The fair value of the NSC shares retained by the former NSC shareholders was estimated using a fair value of \$0.33 per share.

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The purchase price has been allocated as follows:

	\$
Fair value of consideration – 6,171,250 common shares of the Company at \$0.33 per share	2,036,513
Cash	81,040
Short-term investments	203,952
Deferred finance fees	7,599
Loan receivable	25,000
Accounts payable and accrued liabilities	(160,482)
Listing expense	1,879,404
	<b>2,036,513</b>

**Exploration Projects**

Figure 1 shows the location of the Corcoran, Belmont and Emily projects, all of which are located in the USA.

*Figure 1 – EML Property Location Map*



**Corcoran Canyon Silver Project**

Corcoran is a silver-gold project located northeast of Tonopah, in central Nevada, USA. It comprises 328 contiguous, unpatented mineral claims with an area of approximately 2,674 hectares (ha) (6,626 acres). All claims are owned 100% by EML through its wholly owned subsidiary North American Silver Corporation (“NAS”) and are in good standing until August 31, 2023. EML acquired NAS by way of an Agreement and Plan of Share Exchange (“NAS Share Exchange”) which effected the exchange of one (1) EML share for every six (6) NAS shares. The NAS Share Exchange was approved by the Boards of EML and NAS and NAS shareholders and was subsequently filed with the Office of the Secretary of the State of Nevada on April 1, 2020, and NAS became a wholly owned subsidiary of EML.

Corcoran has been explored since 1970. To the end of 2011, 123 drillholes with an aggregate length of 17,895 meters (m) had been drilled by various operators. The bulk of the drilling, approximately 80 of the 123 holes, has been on the Silver Reef Zone, the most significant of the known mineral occurrences on the Property.

Silver Reef is a northeast-trending mineralized zone 300 m wide and one km long on Silver Reef Hill in the centre of the Property. 8 of the claims are currently subject to a 2% net smelter return (“NSR”) royalty. Any surrounding claims acquired or staked by the Company would also become subject to the 2% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party. For further information, please see the technical report entitled “Corcoran Canyon Silver-Gold Property” prepared by G. Mosher, P.Geo, M.Sc and D. Smith, P. Geo., M.S. dated effective October 12, 2020 which can be found under the Company’s profile on [www.SEDAR.com](http://www.SEDAR.com).

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### **Belmont Silver Project**

In February 2022, the Company announced that it had filed 124 new claims and reached agreement to acquire a number of patented claims, to cover two areas of extensive historic silver mines 15 kilometers southwest of the Corcoran Canyon Silver Project and 80 kilometers north-east of Tonopah in central Nevada. A total of 2,800 acres of unpatented and patented claims have been secured. The new NSC claim areas surround or cover the majority of old silver workings of the Belmont silver mining camp near the historic Belmont town.

Belmont was among the earliest and richest silver mining camps in the Tonopah district with an estimated ore head-grade averaging 25 ounces per ton of silver. Historical accounts describe numerous prospect pits and mine openings of shallow underground workings with richest ore above the water table where silver occurred mostly as silver chloride (cerargyrite). Silver-bearing sulfides together with copper, molybdenum, lead, zinc and antimony minerals were reported at depth.

During the camp's silver mining heyday between 1865 and 1889 Belmont's population was about 10,000 and the town was the seat of Nye County Government. 1887 silver production from the district was estimated as \$3,793,103 (1887 value) from 58,906 tons, more than \$110,000,000 in today's dollars. Most mining activities are thought to have been suspended when mine dewatering reduced the Belmont township water supply.

In February 2022, the Company entered into an option agreement with Summa LLC (the "Original Option Agreement"), pursuant to which the Company has the right to acquire a 100% interest in five patented lode mining claims in Nevada covering approximately 69.88 acres. Under the Original Option Agreement (later amended – see below), the Company had the right to purchase the optioned property for USD\$10,000 per acre, or a total of USD\$700,000. The Company could defer payment for up to five years by paying cash or (at the option of Summa LLC) issuing common shares of the Company on the anniversary date(s) of the option agreement, or until February 11, 2027 in the following amounts:

- USD\$30,000 in common shares of the Company at a deemed price of \$0.32 per share on the effective date (issued 118,750 common shares valued at \$38,000);
- USD\$35,000 in cash or common shares (at the option of Summa LLC) of the Company at a price per share equal to the 10 day VWAP on the first anniversary date;
- USD\$40,000 in cash or common shares (at the option of Summa LLC) of the Company at a price per share equal to the 10 day VWAP on the second anniversary date;
- USD\$45,000 in cash or common shares (at the option of Summa LLC) of the Company at a price per share equal to the 10 day VWAP on the third anniversary date;
- USD\$50,000 in cash or common shares (at the option of Summa LLC) of the Company at a price per share equal to the 10 day VWAP on the fourth anniversary date;
- USD\$700,000 in cash on the fifth anniversary date.

The Company may exercise the option to purchase the optioned property by paying USD\$700,000 at any time.

In April 2022, the Company entered into a Deed of Variation with Summa LLC whereby it was agreed that all option payments, except the first option payment which has already been made, must be in the form of cash and deleted Summa's option to accept deferral payments in the form of common shares of the Company.

In May 2022, the Company entered into an option agreement with Bottom Family Trust and Kristina Lynn Boscovich Limon whereby the Company has the right to acquire a 100% interest in one patented lode mining claim in Nevada covering approximately 2.41 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD\$25,000. The Company has the option to defer payment for up to five years by paying US\$1,500 cash on the anniversary date(s) of the option agreement, or until May 10, 2027, when a US\$25,000 cash payment is to be made.

In May 2022, the Company entered into an option agreement with HRH Nevada Resources, Ltd and Trish Rippie Realty, Inc, whereby the Company has the right to acquire a 100% interest in eight patented lode mining claims in Nevada covering approximately 174.04 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD\$10,000 per acre, or a total of USD\$1,740,400. The Company has the option to defer payment by paying an annual rental fee of US\$300 per acre. Both the option purchase price and the annual rental fee are each adjusted annually by way of a Silver Price Adjustment as represented by the annual percent (%) increase in the daily price of silver per troy ounce, published by the London Bullion Market Association, with the February 2022 average price being the Beginning Index Price. The annual rental fee shall not be reduced below US\$300 per acre and the option purchase price shall not be reduced below US\$10,000 per acre.

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In the event the Company purchases the optioned property outright, the transfer will be subject to HRH Nevada Resources, Ltd and Trish Rippie Realty, Inc, each retaining a 1.5% NSR.

### **Emily Manganese Project**

EML's 90.5% owned subsidiary North Star Manganese Inc ("NSM"), has a 100% interest in the Emily Manganese Project ("Emily") established through a series of agreements with Cooperative Mineral Resources, LLC ("CMR") and People's Security Company, Inc. ("PSC"). These agreements establish two general arrangements related to the use of lands owned by CMR and PSC:

1. a contract mining and sales arrangement between NSM and CMR for the extraction of manganese ores from the property whereby NSM has the exclusive right to mine and purchase the manganese ore; and
2. separate property leases and a manganese processing agreement between NSM, CMR and PSC, where CMR and PSC, will receive as rent for their properties a portion of NSM's net distributed profits from downstream sale of processed advanced materials from any ores mined by NSM from the Area of Interest (AOI).

NSM also has an option to purchase all of CMR's and PSC's mineral and surface assets, including all rights and obligations, for USD\$30,250,000, less any net distributable profits paid by NSM.

EML acquired NSM by way of an Agreement and Plan of Share Exchange (NSM Share Exchange) which effected the exchange of one (1) EML share for each NSM share. The NSM Share Exchange was approved by the Boards of EML and NSM and NSM shareholders and was subsequently filed with the Office of the Secretary of the State of Minnesota on June 18, 2020, and NSM became a wholly owned subsidiary of EML.

### **Summary of Expenditures**

Below is a summary of the changes in the exploration and evaluation assets during the year ended December 31, 2021 and nine months ended September 30, 2022:

	<b>Corcoran Canyon Silver Project \$</b>	<b>Belmont Silver Project \$</b>	<b>Emily Manganese Project \$</b>	<b>Total \$</b>
<b>Balance, December 31, 2020</b>	<b>2,682,269</b>	-	<b>1,360,157</b>	<b>4,042,426</b>
Acquisition costs	5,344	-	134,333	139,677
Consulting	322,968	-	143,235	466,203
Permitting, sampling, assays and surveys	502,558	-	2,632	505,190
Drilling	1,187,207	-	-	1,187,207
Site visits	35,665	-	-	35,665
Staking	31,467	-	-	31,467
Foreign exchange	10,467	-	9,989	20,456
<b>Balance, December 31, 2021</b>	<b>4,777,945</b>	-	<b>1,650,346</b>	<b>6,428,291</b>
Acquisition costs	-	48,819	24,371	73,190
Consulting	284,053	241,161	331,484	856,698
Permitting, sampling, assays and surveys	50,249	99,513	625	150,387
Drilling	364,840	87,300	-	452,140
Site visits	46,742	42,472	-	89,214
Staking	-	5,131	-	5,131
Foreign exchange	261,077	35,933	95,843	392,853
<b>Balance, September 30, 2022</b>	<b>5,784,906</b>	<b>560,329</b>	<b>2,102,669</b>	<b>8,447,904</b>

### **Selected Financial Information**

The following selected financial data is derived from the condensed interim consolidated financial statements of the Company.

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### Selected Statement of Financial Position Data

	As at September 30, 2022 \$	As at December 31, 2021 \$	As at December 31, 2020 \$
Working capital deficiency	(1,014,617)	(640,953)	(1,376,037)
Total current assets	376,013	404,012	47,324
Total current liabilities	1,390,630	1,044,965	1,423,361
Total shareholders' equity	6,554,302	5,789,186	2,666,389

### Quarterly Information

	Three months ended			
	September 30, 2022 \$	June 30, 2022 \$	December 31, 2021 \$	September 30, 2021 \$
Revenues	Nil	Nil	Nil	Nil
Working capital (deficiency)	(1,014,617)	(605,430)	(640,953)	959,312
Total assets	8,959,226	8,270,682	6,834,151	7,476,680
Net loss for the period	(507,903)	(574,022)	(581,940)	(414,258)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three months ended			
	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$
Revenues	Nil	Nil	Nil	Nil
Working capital (deficiency)	959,312	2,191,806	(1,793,837)	(1,376,037)
Total assets	7,476,680	7,746,751	4,187,257	4,089,750
Net loss for the period	(414,258)	(3,132,770)	(445,117)	(443,312)
Net loss per share	(0.01)	(0.05)	(0.01)	(0.01)

Total working capital deficiency increased during the quarters ended December 31, 2020 and March 31, 2021 as a result of the decreased cash balance and increased accounts payable and accrued liabilities while the Company waited for the completion of the RTO.

Total assets and working capital increased during the quarter ended June 30, 2021 as a result of the net proceeds received from the concurrent financing and the RTO completed during the quarter.

The net losses for the first three of the eight quarters are mostly attributed to the exploration and evaluation costs incurred in assessing the mineral projects and the operating costs incurred in order to complete the RTO.

The net loss for the quarter ended June 30, 2021 increased as a result of the listing expense recorded for the RTO. Listing expense represents the excess of fair value of NSC shares retained by the former NSC shareholders over the net assets of NSC.

The net loss for the quarter ended March 31, 2022 is higher than the remaining quarters other than the June 30, 2021 quarter, due to increased business activities and due to share based compensation expense.

The working capital deficiency increased during the quarter ended September 30, 2022, as a result of the decreased cash balance and increased accounts payable and accrued liabilities.

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### Results of Operations

#### *Nine months ended September 30, 2022*

The Company recorded a net loss of \$1,715,378 (\$0.03 per share) for the nine months ended September 30, 2022 (2021 - \$3,992,145 and \$0.07 per share). The Company had no revenue, paid no dividends and had no long-term liabilities during the nine months ended September 30, 2022. Variances of note in the operational expenses are:

Directors fees of \$96,000 (2021 - \$450,634) were higher during the nine months ended September 30, 2021 as a result of the 650,000 common shares issued to Sheldon Inwentash in connection with his role as Chair of the Board, which was a one-time charge.

Marketing expenses of \$341,074 (2021 - \$59,736) were incurred to increase investor awareness and were higher during the nine months ended September 30, 2022 as the Company raised funds during the period.

Professional fees of \$493,738 (2021 - \$852,762) were higher during the nine months ended September 30, 2021 primarily due to the RTO.

Share based compensation of \$78,460 (2021 - \$423,690) relates to the vesting of the options granted on May 6, 2021 and November 26, 2021.

Travel of \$181,102 (2021 - \$40,325) relates to increased business activities and the lifting of COVID-19 related travelling restrictions.

Listing expense of \$nil (2021 - \$1,879,404) was recorded during the nine months ended September 30, 2021 as a result of the RTO. Listing expense represents the excess of fair value of NSC shares retained by the former NSC shareholders over the net assets of NSC.

#### *Three months ended September 30, 2022*

The Company recorded a net loss of \$507,903 (\$0.01 per share) for the three months ended September 30, 2022 (2021 - \$414,258 and \$0.01 per share). The Company had no revenue, paid no dividends and had no long-term liabilities during the three months ended September 30, 2022. Variances of note in the operational expenses are:

Directors fees of \$24,000 (2021 - \$142,834) were higher during the three months ended September 30, 2021, as a result of the Company catching up on quarterly directors fees upon completion of the RTO.

Marketing expenses of \$115,136 (2021 - \$21,358) were incurred to increase investor awareness and were higher during the three months ended September 30, 2022 as the Company raised funds during the quarter.

Professional fees of \$121,638 (2021 - \$26,598) were higher during the three months ended September 30, 2022 primarily due to the NSM financing that closed during the quarter.

Share based compensation of \$nil (2021 - \$124,226) relates to the vesting of the options granted on May 6, 2021 and November 26, 2021 which fully vested during the period ended June 30, 2022.

Travel of \$71,335 (2021 - \$35,422) relates to increased business activities and the lifting of COVID-19 related travelling restrictions.

### Financing Activities

On April 30, 2021, 6,171,250 common shares were deemed to be issued by EML as a result of the RTO. The fair value of the 6,171,250 common shares deemed issued (\$2,036,513) was determined using the concurrent financing price of \$0.33 per share.

On April 30, 2021, the Company issued 15,301,923 common shares issued to investors in the non-brokered concurrent financing conducted by the Company and EML to raise aggregate gross proceeds of \$5,049,635. A total of 7,650,962 warrants of the Company were also issued in connection with the concurrent financing. Each warrant entitles the holder to acquire one share of the Company at an exercise price of \$0.60 per share for a period of two years. The Company will be entitled to accelerate the Warrant Expiry Date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be greater than \$1.00 for twenty consecutive trading days. Total share issue costs of \$264,064

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including finder's fees were incurred in connection with the concurrent financing. Using the residual method, a value of \$0.33 was attributed to each common share and a value of \$nil was attributed to each warrant.

The Company also issued an aggregate of 256,501 non-transferable finders warrants (the "Finders Warrants"). Each Finders Warrant entitles the holder to acquire one common share of the Company at a price of \$0.60 per share for a period of 2 years.

On April 30, 2021, the Company issued 650,000 common shares to Sheldon Inwentash in connection with his role as Chair of the Board. The fair value of the common shares was determined using the concurrent financing price of \$0.33 per share. A total of \$214,500 was recorded in Directors fees.

During the year ended December 31, 2021, 50,000 stock options were exercised for total proceeds of \$16,500.

On February 11, 2022, the Company issued 118,750 common shares to Summa LLC pursuant to an option payment for the Belmont Silver Project.

On February 28, 2022, the Company closed a private placement of 6,670,000 units of the Company for gross proceeds of \$2,001,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.45 per share for a period of two years. The Company will be entitled to accelerate the Warrant Expiry Date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be equal to or greater than \$0.80 for ten consecutive trading days. Total share issue costs of \$12,290 were incurred in connection with the private placement.

On August 31, 2022, the Company closed a non-brokered private placement of securities of NSM to provide NSM with interim exploration financing and general working capital ("NSM financing"). NSM issued a total of 3,160,223 shares of NSM at a price of USD\$0.25 per share to raise aggregate gross proceeds of \$1,017,022 (USD\$790,058). As a result of the NSM financing, the Company's ownership in NSM was reduced to 90.5%. No fees were payable on the financing.

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred director fees of \$85,291 and made payments of \$58,404, resulting in net balance owing of \$26,887 to the CEO of the Company. During the year ended December 31, 2020, the Company received additional advances totaling \$18,577 from the CEO. During the year ended December 31, 2021, the Company made repayments of \$35,259. The loan is non-interest bearing, due on demand, unsecured and has no maturity date. The balance of the loan payable was \$9,847 as of September 30, 2022 (December 31, 2021 – \$10,205).

On May 25, 2020, the Company entered into a loan agreement with a company owned by the CEO of the Company. A maximum principal amount of AUD\$100,000 is secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA. Any balance owing greater than AUD\$100,000 is unsecured. During the nine months ended September 30, 2022, the Company made repayments of \$40,238. The loan is non-interest bearing and due on demand. The balance of the loan payable was \$182,876 as of September 30, 2022 (December 31, 2021 - \$230,029).

On June 11, 2020, the Company entered into a loan agreement with a shareholder and director of the Company for maximum proceeds of USD\$100,000. The loan was secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA, bore interest at 12% per annum payable monthly in arrears, and was due on June 30, 2021. The balance of the loan payable has been fully repaid and was \$nil as of September 30, 2022 (December 31, 2021 - \$nil).

On August 20, 2020, the Company entered into a loan agreement with a director of the Company for maximum proceeds of AUD\$100,000. The loan was secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA, bore interest at 7.5% per annum payable monthly in arrears, and was due on June 30, 2021. In addition, the Company incurred borrowing costs of \$19,280, paid as shares, with respect to the loan. The balance of the loan payable has been fully repaid and was \$nil as of September 30, 2022 (December 31, 2021 - \$nil).

### Liquidity, Capital Resources, and Outlook

As of September 30, 2022, the Company had working capital deficiency of \$1,014,617 (December 31, 2021 – \$640,953). During the nine months ended September 30, 2022, net cash used in operating activities was \$1,476,715. Net cash used in investing activities was \$1,578,336 related to mineral property acquisition and exploration costs, payment for reclamation bonds and equipment purchases. Net cash provided by financing activities was \$2,965,494 related to net proceeds received from the private placement and NSM financing, which was offset by \$40,238 in loan repayments to related parties.

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The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is a junior exploration company principally engaged in the exploration and development of the Corcoran Project and the Emily Project. The Company's future performance depends on, among other things, its ability to discover and develop resources and ore reserves at commercially recoverable quantities, the prevailing market price of commodities it produces, the Company's ability to secure required financing, and in the event ore reserves are found in economically recoverable quantities, the Company's ability to secure operating and environmental permits to commence and maintain mining operations.

The Company's condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At September 30, 2022, the Company had accumulated losses of \$7,614,368 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in the Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. The interim consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

### **Capital Expenditures**

The Company spent \$1,536,780 in exploration and evaluation expenditures and acquisition costs in cash during the nine months ended September 30, 2022 (2021 - \$1,140,984). The Company spent \$6,560 on equipment purchases during the nine months ended September 30, 2022 (2021 - \$1,957).

### **Commitments**

There are no commitments as of September 30, 2022.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as of September 30, 2022.

### **Transactions with Related Parties**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

The Company incurred charges to directors and officers, or to companies associated with these individuals, during the three and nine months ended September 30, 2022 and 2021:

## Nevada Silver Corporation Management's Discussion and Analysis

*Three and nine months ended September 30, 2022 and 2021*

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Directors fees	24,000	142,834	96,000	450,634
Consulting fees	94,914	36,576	287,494	36,576
Professional fees	54,910	21,808	246,735	49,792
Share-based compensation	-	109,437	65,424	373,251
	173,824	310,655	695,653	910,253

The amounts due to related parties included in accounts payable and accrued liabilities at September 30, 2022 are \$40,303 owing to Gary Lewis, \$48,000 owing to Henry Sandri, \$46,229 owing to John Kutkevicius, \$38,429 owing to Ian Pringle, \$175,114 owing to Wildeboer Dellelce LLP, a legal firm where John Kutkevicius is a partner, and \$25,155 owing to Malaspina Consultants Inc., a company in which the CFO of the Company (Natasha Tsai) is a shareholder.

During the three and nine months ended September 30, 2022, the Company entered into the following transactions with key management personnel and/or related entities:

- a) Incurred consulting fees of \$57,238 and \$176,080 (2021 – \$61,746 and \$140,134) to Gary Lewis
- b) Incurred director fees of \$nil and \$24,000 (2021 – \$48,000 and \$262,500) to Sheldon Inwentash, former director.
- c) Incurred director fees of \$12,000 and \$36,000 (2021 – \$24,000 and \$36,000) to John Kutkevicius.
- d) Incurred director fees of \$12,000 and \$36,000 (2021 - \$24,000 and \$36,000) to Henry Sandri.
- e) Incurred consulting fees of \$37,676 and \$114,414 (2021 – (\$14,912) and \$nil) to Ian Pringle.
- f) Incurred professional fees of \$19,048 and \$67,704 (2021 – \$21,808 and \$49,792) to Malaspina Consultants Inc., a company in which the CFO of the Company (Natasha Tsai) is a shareholder
- g) Incurred professional fees of \$35,862 and \$179,031 (2021 – \$nil and \$180,630) to Wildeboer Dellelce LLP, a legal firm where John Kutkevicius is a partner.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by Gary Lewis for annual fees of \$240,000 which shall continue indefinitely unless terminated by either party.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by Ian Pringle for annual fees of \$150,000 which shall continue indefinitely unless terminated by either party.

Other related party transactions are disclosed above under the Financing Activities section.

### Critical Accounting Estimates and Policies

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

### Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are discussed below:

#### *Going concern assumption*

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to fund future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, then adjustments

# Nevada Silver Corporation

## Management's Discussion and Analysis

Three and nine months ended September 30, 2022 and 2021

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may be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the condensed interim consolidated statement of financial position classifications used.

### *Impairment of exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

### *Issuances of shares for goods and services*

Management makes judgments in determining the share price attributed to issuances of shares for goods and services. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value attributed could be materially different.

### *Asset acquisitions*

The assessment of whether an acquisition meets the definition of a business or an asset is an area of key judgment. In the acquisitions of NAS, Centennial Mining Inc. and NSM, judgment was required to determine if the acquisitions represented business combinations or asset acquisitions. More specifically, management concluded that NAS, Centennial Mining Inc. and NSM did not represent businesses as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the transactions represented the acquisitions of assets, there was no goodwill recognized and the transactions costs were capitalized to the assets purchased rather than expensed.

### *The RTO*

The determination of the acquirer in the RTO is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over EML; whether the Company has exposure or rights to variable returns from its involvement with EML; and whether the Company has the ability to use its powers over EML to affect the amount of its returns. In exercising this judgment, EML was deemed to be the acquirer in the Transaction.

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion. The Transaction was accounted for as a reverse acquisition and the difference between the fair value of net assets acquired and the consideration paid was recorded as a listing expense.

### **Key Sources of Estimation Uncertainty**

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

#### *Share-based compensation*

The Company measures the value of equity-settled transactions with employees, and with non-employees when the fair value of the goods or services received is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and loans from related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

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**Management's Discussion and Analysis**  
*Three and nine months ended September 30, 2022 and 2021*

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**Disclosure of Outstanding Share Data**

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Issued and outstanding common shares	72,781,943
Share options with an exercise price of \$0.33	1,100,000
Share purchase warrants with a weighted average exercise price of \$0.55	10,985,962
Finders warrants with an exercise price of \$0.60	256,501

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<b>Fully Diluted</b>	<b>85,124,406</b>
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**Disclosure Controls and Procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com).

**Risks and Uncertainties**

The Company is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Company's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

There is no assurance that the exploration of the Company's properties will be successful in its quest to find a commercially viable quantity of mineral resources. The Company's exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry. The Company cannot predict the government's positions on mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets and operations. Any changes in regulations or shifts in political conditions are beyond the control of the Company.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and could have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the conflict in the Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

**Other Information**

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).