

Nevada Silver Corporation
(formerly NBS Capital Inc.)
Management's Discussion and Analysis
Three and six months ended June 30, 2021 and 2020

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Dated: August 30, 2021

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Nevada Silver Corporation (formerly NBS Capital Inc.) (the "Company" or "NSC") was prepared by management of the Company as at June 30, 2021, and should be read in conjunction with the Company's unaudited condensed interim financial statements and notes thereto for the three and six months ended June 30, 2021 (the "Financial Statements"). Additional information relating to the Company is available on SEDAR at 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 office and registered office of the Company is located at 130 Spadina Avenue, Suite 401, Toronto, ON M5V 2L4. 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". Prior to completion of the RTO (as defined below), the Company was classified as a capital pool company ("CPC") within the meaning of Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an

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option or by any concomitant transaction. The purpose of such an acquisition was to satisfy the related conditions of a "qualifying transaction" under Exchange rules.

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 duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks and its resulting impact on the Company.

The Reverse Takeover Transaction

On April 30, 2021, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") with Electric Metals (USA) Limited ("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 Project ("Corcoran"), a primarily silver/gold property in Nevada, United States, and the Emily Project ("Emily"), a property primarily prospective for manganese, in Minnesota, United States. The Corcoran and Emily projects are 100%-owned by EML through wholly owned subsidiaries.

Prior to completing the RTO, the Company changed its name to Nevada Silver Corporation and consolidated its common shares on the basis of 0.73271 (new) common shares for every one (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 and EML 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 statements 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 these condensed interim consolidated financial statements. As EML was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these 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 issued in the concurrent financing at \$0.33 per share over the net assets of NSC.

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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
	2,036,513

Exploration Projects

Figure 1 shows the location of the Corcoran and Emily projects, both 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, 2022. 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 1 April 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.Geol, M.Sc and D. Smith, P. Geol., M.S. dated effective October 12, 2020 which can be found under the Company’s profile on www.SEDAR.com.

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Emily Manganese Project

While only the Corcoran Project constitutes a "material property" for the Company, under the Option Agreement dated April 22, 2020 with Cooperative Mineral Resources, LLC ("CMR") and People's Security Company, Inc. ("PSC"), NSM has the option to purchase a 100% interest in the Emily Manganese Project in Minnesota, USA for USD\$30,250,000. Emily's land and mineral assets consist of surface rights covering 199.13 acres, and mineral rights covering 167.92 acres, all of which have been conveyed to EML's wholly owned subsidiary North Star Manganese Inc ("NSM"). NSM also has operational rights to certain structures, facilities and infrastructure located on site at Emily in Crow Wing County, Minnesota.

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 NAS 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.

Under the Development and Sales Agreement dated April 22, 2020 with CMR, NSM has been engaged by CMR to evaluate and potentially develop a mine at the Emily Manganese Project on behalf of CMR, and NSM will be reimbursed for the exploration and development expenditures incurred plus an annual profit equal to 15% of the expenditures. Upon commercial production, the Company is required to pay an annual base rent equal to 2.5% of the net profit from production. The Company is also required to pay additional access payments in the aggregate amount of USD\$16,500,000 if certain conditions are satisfied.

Summary of Expenditures

Below is a summary of the changes in the exploration and evaluation assets during the year ended December 31, 2020 and six months ended June 30, 2021:

	Corcoran Canyon Silver Project \$	Emily Manganese Project \$	Total \$
Balance, December 31, 2019			-
Asset acquisitions (Notes 5 and 6)	1,227,060	770,442 ⁽¹⁾	1,997,502
Acquisition costs incurred in cash	204,828	588,262	793,090
Consulting (Note 9)	1,082,825	12,273	1,095,098
Permitting, sampling, assays and surveys	6,661	-	6,661
Site visits	18,576	20,130	38,706
Staking	159,033	-	159,033
Foreign exchange	(16,714)	(30,950)	(47,664)
Balance, December 31, 2020	2,682,269	1,360,157	4,042,426
Acquisition costs incurred in cash	-	74,054	74,054
Consulting	39,476	5,708	45,184
Permitting, sampling, assays and surveys	51,673	499	52,172
Drilling	120,397	-	120,397
Foreign exchange	(25,317)	(16,144)	(41,461)
Balance, June 30, 2021	2,868,498	1,424,274	4,292,772

(1) NSM incurred total costs of USD\$28,799 related to a 43-101 technical report prior to the Company's acquisition of NSM.

Selected Financial Information

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

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Selected Statement of Financial Position Data

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Working capital (deficiency)	2,191,806	(844,756)	(1,376,037)
Total current assets	3,361,024	18,843	47,324
Total current liabilities	1,169,218	863,599	1,423,361
Total shareholders' equity	6,577,533	3,150,191	2,666,389

Quarterly Information

	Three months ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Working capital (deficiency)	2,191,806	(1,793,837)	(1,376,037)	(811,318)
Total assets	7,746,751	4,187,257	4,089,750	4,649,902
Net (loss) for the period	(3,132,770)	(445,117)	(443,312)	(53,108)
Net (loss) per share	(0.05)	(0.01)	(0.01)	(0.00)

	Three months ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Working capital (deficiency)	(844,756)	(243,098)	(403,918)	(159,701)
Total assets	4,013,790	42,240	3,663	21,074
Net (loss) for the period	(170,369)	(261,485)	(98,524)	(240,835)
Net (loss) per share	(0.01)	(0.03)	(0.01)	(0.02)

Total assets increased during the quarter ended June 30, 2020 as a result of the exploration and evaluation assets acquired from the acquisitions of NAS and NSM. Total working capital deficiency increased during the same quarter as a result of the loan proceeds from related parties, which were received during the quarter to fund the Company's operating activities.

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 seven 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 issued in the concurrent financing at \$0.33 per share over the net assets of NSC.

Results of Operations

Six months ended June 30, 2021

The Company recorded a net loss of \$3,577,887 (\$0.07 per share) for the six months ended June 30, 2021 (2020 - \$431,854 and \$0.02 per share). The Company had no revenue, paid no dividends and had no long-term liabilities during the six months ended June 30, 2021. Variances of note in the operational expenses are:

Consulting fees of \$96,488 (2020 - \$3,621) consist of fees paid to consultants for advisory services. The consulting fees during the six months ended June 30, 2021 were higher due to increased business activities.

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Directors fees of \$307,800 (2020 - \$183,860) were higher 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.

Exploration and evaluation costs of \$1,208 (2020 - \$165,611) were lower during the six months ended June 30, 2021. Exploration and evaluation costs were incurred in 2020 on the Idaho Copper Belt Claims, which the Company decided not to proceed with during the year ended 31st December 2020 and therefore wrote off to exploration and evaluation costs.

Filing fees of \$50,355 (2020 - \$586) were higher during the six months ended June 30, 2021, as a result of the RTO and the Company becoming publicly traded.

Interest and bank charges of \$11,993 (2020 - \$2,416) was incurred as a result of the various loans from related parties.

Marketing of \$38,378 (2020 - \$17,073) consist of expenses incurred to increase investor awareness and was higher during the six months ended June 30, 2021 as a result of higher business activities.

Office expenses of \$61,675 (2020 - \$32,654) were higher during the six months ended June 30, 2021 due to increased business activities.

Professional fees of \$799,164 (2020 - \$25,181) were higher during the six months ended June 30, 2021 primarily due to legal costs incurred to complete the RTO.

Share based compensation of \$299,464 (2020 - \$nil) relates to the 2,100,000 options granted during the six months ended June 30, 2021.

Listing expense of \$1,879,404 (2020 - \$nil) was recorded during the six months ended June 30, 2021 as a result of the RTO. Listing expense represents the excess of fair value of NSC shares issued in the concurrent financing at \$0.33 per share over the net assets of NSC.

Results of Operations

Three months ended June 30, 2021

The Company recorded a net loss of \$3,132,770 (\$0.05 per share) for the three months ended June 30, 2021 (2020 - \$170,369 and \$0.01 per share). The Company had no revenue, paid no dividends and had no long-term liabilities during the three months ended June 30, 2021. Variances of note in the operational expenses are:

Consulting fees of \$96,488 (2020 - \$235) consist of fees paid to consultants for advisory services. The consulting fees during the three months ended June 30, 2021 were higher due to increased business activities.

Directors fees of \$263,781 (2020 - \$71,277) were higher 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.

Exploration and evaluation costs of \$nil (2020 - \$58,819) were lower during the three months ended June 30, 2021. Exploration and evaluation costs were incurred in 2020 on the Idaho Copper Belt Claims, which the Company decided not to proceed with during the year ended 31st December 2020 and therefore wrote off to exploration and evaluation costs.

Filing fees of \$41,455 (2020 - \$515) were higher during the three months ended June 30, 2021, as a result of the RTO and the Company becoming publicly traded.

Interest and bank charges of \$6,126 (2020 - \$2,416) was incurred as a result of the various loans from related parties.

Marketing of \$35,480 (2020 - \$14,216) consist of expenses incurred to increase investor awareness and was higher during the three months ended June 30, 2021 as a result of higher business activities.

Office expenses of \$55,045 (2020 - \$26,497) were higher during the three months ended June 30, 2021 due to increased business activities.

Professional fees of \$445,043 (2020 - \$13,185) were higher during the three months ended June 30, 2021 primarily due to legal costs incurred to complete the RTO.

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Share based compensation of \$299,464 (2020 - \$nil) relates to the 2,100,000 options granted during the three months ended June 30, 2021.

Listing expense of \$1,879,404 (2020 - \$nil) was recorded during the three months ended June 30, 2021 as a result of the RTO. Listing expense represents the excess of fair value of NSC shares issued in the concurrent financing at \$0.33 per share over the net assets of NSC.

Financing Activities

On April 20, 2020, the Company issued 9,900,000 common shares for 77.5% of NSM. The fair value of these shares was \$68,180. The Company also issued 2,000,000 common shares as finder's fees valued at \$13,773, which were issued to a shareholder and director of the Company.

On April 30, 2020, the Company issued 3,000,000 common shares at a price of USD\$0.05 per share for total cash proceeds of \$208,353 (USD\$150,000).

On May 8, 2020, the Company issued 5,159,744 common shares for all of the issued and outstanding securities of NAS. The fair value of these shares was \$1,078,094. The Company also issued 429,425 common shares as retention payments to officers, directors and consultants of Centennial Mining Inc. and 5,130,511 common shares for consulting services relating to the exploration and evaluation assets. The fair value of 429,425 common shares was \$89,725 and has been recorded as share-based compensation. The fair value of 5,130,511 common shares was \$1,071,986 and has been recorded as expenditures on exploration and evaluation assets.

On May 8, 2020, the Company issued 1,000,000 common shares at a price of USD\$0.15 per share for total cash proceeds of \$211,246 (USD\$150,000).

On May 8, 2020, the Company issued 925,000 common shares for services received. The fair value of these shares was \$193,273 and was recognized in profit or loss during the year.

On June 2, 2020, the Company acquired the remaining 22.5% of NSM by issuing 2,875,000 common shares. The fair value of these shares was \$584,990.

On August 5, 2020, the Company issued 166,000 common shares at a price of USD\$0.15 per share for total cash proceeds of \$33,167 (USD\$24,900).

On August 13, 2020, the Company issued 95,920 common shares at a price of USD\$0.15 per share for total cash proceeds of \$18,984 (USD\$14,388).

On September 11, 2020, the Company issued 2,534,920 common shares at a price of USD\$0.15 per share for total cash proceeds of \$506,285 (USD\$380,238). The Company incurred cash share issue costs of \$33,020 and issued 503,500 common shares in connection with these shares issued with a fair value of \$100,025.

On September 11, 2020, the Company issued 100,000 common shares with a fair value of \$19,280 to a director as settlement for loan borrowing costs, pursuant to a loan agreement entered into on August 20, 2020 with a director of the Company.

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 estimated using a fair value 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 from the closing of the Transaction. 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 \$213,710 including finder's fees were incurred in connection with the concurrent financing.

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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 following the closing of the Transaction.

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 shares were valued using the concurrent financing price of \$0.33 per share. A total of \$214,500 was recorded in directors fees.

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred unpaid 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 six months ended June 30, 2021 and the year ended December 31, 2020, the Company received additional advances totaling \$92,139 and \$18,577 respectively from the CEO. The loan is non-interest bearing, due on demand, unsecured and has no maturity date. The balance of the loan payable was \$152,400 as at June 30, 2021 (December 31, 2020 - \$48,746).

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 Claims owned by the Company in Nevada, USA. Any balance owing greater than AUD\$100,000 is unsecured. The balance of the loan payable was \$234,646 as at June 30, 2021 (December 31, 2020 - \$201,070).

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 is secured by the Corcoran Canyon Claims owned by the Company in Nevada, USA, bears interest at 12% per annum payable monthly in arrears, and was due on June 30, 2021. The balance of the loan payable was \$139,433 as at June 30, 2021 (December 31, 2020 - \$135,596).

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 is secured by the Corcoran Canyon Claims owned by the Company in Nevada, USA, bears interest at 7.5% per annum payable monthly in arrears, and was due on June 30, 2021. The Company incurred borrowing costs of \$19,280 with respect to the loan. The balance of the loan payable was \$98,953 as at June 30, 2021 (December 31, 2020 - \$100,878).

Liquidity, Capital Resources, and Outlook

As of June 30, 2021, the Company had working capital of \$2,191,806 (December 31, 2020 - deficiency of \$1,376,037). During the six months ended June 30, 2021, net cash used in operating activities was \$1,558,321. Net cash used in investing activities was \$291,807 related to mineral property acquisition and exploration costs, \$92,955 for reclamation bonds, purchase of short-term investments for \$1,795,709, which was offset by cash of \$81,040 acquired from the RTO. The Company received net proceeds of \$4,835,925 from the concurrent financing and loan proceeds of \$156,208 from related parties as part of financing activities.

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 as well as cash. 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. 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 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 June 30, 2021, the Company had accumulated losses of \$4,905,520 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

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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 pandemic could result in delays in the course of business and the Company's ability to raise new capital. 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. These condensed 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 incurred \$291,807 in exploration and evaluation expenditures during the six months ended June 30, 2021 (2020 - \$534,022).

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as of June 30, 2021.

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 six months ended June 30, 2021 and 2020:

	Three months ended		Six months ended	
	2021	June 30, 2020	2021	June 30, 2020
	\$	\$	\$	\$
Directors fees	284,462	71,277	328,481	183,860
Professional fees	24,099	-	27,984	-
Share-based compensation	263,814	-	263,814	-
	572,375	71,277	620,279	183,860

The amounts due to related parties included in accounts payable and accrued liabilities at June 30, 2021 are \$8,826 (December 31, 2020 – \$90,328) owing to a company in which the CFO of the Company is a shareholder.

During the three and six months ended June 30, 2021 and 2020, compensation paid to key management personnel consisted of director fees of \$284,462 and \$328,481 (2020 – \$71,277 and \$183,860) and professional fees of \$24,099 and \$27,984 (2020 – \$nil and \$nil) paid to a company in which the CFO of the Company is a shareholder.

During the six months ended June 30, 2021 and 2020 the Company was charged \$180,630 (2020 - \$nil) by a legal partnership of which one of its partners is a director of the Company.

On June 2, 2020, the Company acquired 100% of NSM by pursuant to the terms of a share exchange agreement (the "NSM Agreement"). Prior to the acquisition, a shareholder and director of the Company owned 5,750,000 NSM shares, representing approximately 45.01% of the total outstanding NSM shares and received an equivalent number of the Company shares on completion of the NSM acquisition. In addition, the Company issued 2,000,000 common shares to the director as finder's fees for identifying the opportunity for the Company to acquire the Emily Project.

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

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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 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 consolidated financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the 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.

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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, short-term investments, 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.

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	65,943,193
Share options with a weighted average exercise price of \$0.33	2,100,000
Share purchase warrants	7,907,463
Fully Diluted	75,950,656

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 six months ended June 30, 2021 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.

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

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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.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.