SILVER HAMMER
MINING CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTION

This Management Discussion and Analysis (the "MD&A") of Silver Hammer Mining Corp.'s ("Silver Hammer" or the "Company") financial position and results of operations for the year ended September 30, 2023 is prepared as at January 29, 2024. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company and the notes relating thereto, for the year ended September 30, 2023. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedarplus.ca.

FORWARD - LOOKING INFORMATION

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedarplus.ca. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

COMPANY OVERVIEW

The Company was formed on May 2, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 206-595 Howe Street, Vancouver, British Columbia, Canada.

The Company's common shares are listed on the Canadian Securities Exchange under the symbol "HAMR".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2023, the Company holds interests in early-stage mineral exploration properties located in the United States and the Company has not yet determined whether the Company's mineral property assets contain a deposit of minerals that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company has four wholly-owned subsidiaries, Silver Strand Exploration Corp. ("Silver Strand"), 123456 US Inc. ("123456 US"), 1304562 BC Ltd. ("BCCO"), and 1304562 Nevada Ltd. ("1304562 Nevada"). Silver Strand and 123456 US became wholly-owned subsidiaries on June 16, 2021. BCCO and 1304562 Nevada became wholly-owned subsidiaries on September 2, 2021.

YEAR-TO-DATE CORPORATE HIGHLIGHTS

- On May 24, 2023, the Company completed a brokered private placement by issuing 7,296,500 units for gross proceeds of $1,824,125. *[See Section: Outstanding Share Data for details.]*

- On September 28, 2023, the Company entered into a definitive share purchase agreement to acquire a 100% interest in the Shafter silver deposit from Aurcana Silver Corporation. *[See Section: Proposed Transactions for details.]*

CHANGE IN MANAGEMENT

- On November 23, 2022, the Company announced the appointment of Warwick Smith as Interim President and Interim CEO. The Company also announced the resignation of Morgan Lekstrom as President and CEO of the Company.

- On February 15, 2023, the Company announced the appointment of Peter A. Ball as President, CEO and Director of the Company. Warwick Smith will continue as an Advisor to the Company.

- On March 15, 2023, the Company announced the appointment of Donald Birak as Board Advisor to the Company.

- On September 28, 2023, the Company announced the appointment of Donald Birak as Director of the Company. The Company also announced that Joness Lang, who has stepped down as Director of the Company but will remain as a strategic advisor to assist the Company in ongoing corporate development initiatives.

EXPLORATION AND EVALUATION ASSETS

Philip Mulholland, P.Geo. is the designated Qualified Person ("QP") under National Instrument 43-101 (NI 43-101), who has reviewed and approved the technical information disclosed in this MD&A.

Lacy Property

Pursuant to an option agreement dated November 2, 2017 (the "LP Agreement") and amended on October 8, 2020, with Barrie Field-Dyte (the "LP Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Lacy Property (the "LP Property") located in the Alberni Mining Division of British Columbia. The LP Property is comprised of three mineral claims.

In accordance with the LP Agreement, the Company has the option to acquire 100% undivided interest in the LP Property by paying $10,000 (paid) upon execution of the Agreement and issue 300,000 common shares of the Company (issued with fair value of $30,000) no later than 15 days after the Company's common shares are listed on a securities exchange in Canada. As of April 30, 2021, the Company owned 100% of the Lacy Property following the issuance of 300,000 common shares.

The LP Optionors will retain a 2% net smelter returns royalty (the "NSR") on the LP Property. The Company has the right to purchase each of the percentage of NSR for $1,000,000 during the five-year period commencing from the date the LP Property is put into commercial production.

On October 29, 2021, the Company announced that it filed an assessment report on the Lacy Property with the BC provincial government. The LP Property comprises 590 hectares of mineral tenures which has produced encouraging results. Management is considering a more detailed program including further geophysics over the next 6-12 months to identify possible drill targets.

During the year ended September 30, 2022, no acquisition and deferred exploration costs were incurred on Lacy Property. In addition, during the year ended September 30, 2022, the Company decided not to continue exploration of the Lacy Property. As a result of the Company's management's decision not to conduct any significant work on the Lacy Property in the near future, the Company impaired the capitalized costs associated with the Lacy Property with an amount of $265,317 during the year ended September 30, 2022.

Silver Strand Project

The Silver Strand Project is in the Coeur d'Alene mining district in Idaho. Located in north Idaho's Silver Valley along Interstate 90, the district has been a significant producer of silver globally, with an aggregate total of more than 1.2 billion ounces of silver being recovered since the late 1880's, along with major quantities of lead and zinc. Presently operating underground mines are exploiting orebodies up to 1,800 meters below surface.

Asset Purchase Agreement with Silver Strand Development LLC

On June 16, 2021, the Company completed the acquisition (the "SS Acquisition") of all the issued and outstanding securities of Silver Strand. As a result of the SS Acquisition, the Company, through its' wholly owned subsidiary 123456 US, entered into an asset purchase agreement with a third party, Silver Strand Development LLC ("SSD"), (the "SSD Agreement") to acquire a 100% interest in certain mineral claims (the "SSD Claims") located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US$10,000 to SSD for the transfer of the title to 123456 US of the SSD Claims (the "Transfer of Title") (paid);
- Pay US$25,000 to SSD within 5 business days of the SS Acquisition (paid – $31,171);
- Issue 200,000 common shares of the Company to SSD at the date of the SS Acquisition (issued with fair value of $50,000);
- Pay US$25,000 to SSD on the anniversary following the completion of the SS Acquisition (paid – $32,371); and
- Issue 200,000 common shares of the Company to SSD on the anniversary following the completion of the SS Acquisition (issued with a fair value of $73,000).

On January 4, 2023, the Company reported drill results from the Phase II drilling program. The Company completed nine drillholes from its previously established underground drilling station that were generally focused on testing the historically mined zone of gold-silver ("Au-Ag") mineralization at greater depth and further along strike. Going forward, the Company will be updating its 3D model of the Silver Strand deposit, incorporating lithological and alteration information as well as the multi-element geochemical data produced by the drillhole assays from the two drilling programs.

(Expressed in Canadian Dollars)

On April 3, 2023, the Company announced that it completed a property-wide geophysical compilation at its Silver Strand Project. Results were very positive and highlighted multiple new priority targets for the Company's 2023 exploration program. Fifteen moderate to priority exploration target zones were identified from the geophysical surveys. The highest ranked targets are associated with chargeability anomalies and moderate to low conductivity. Most of the targets are located within the Revett Formation, which hosts the Silver Strand Mine.

On April 5, 2023, the Company filed NI 43-101 Technical Report for the Silver Strand Project. The Technical Report is available for review under the Company's profile on SEDAR at www.sedarplus.ca and the Company's website at www.silverhammermining.com.

On April 11, 2023, the Company announced that it has submitted a Plan of Operations to the United States Forest Service to explore its Silver Strand Project. The Plan of Operations includes a proposal for surface disturbance, outlines a comprehensive property-wide exploration program, exploration follow-up on 2021 and 2022 exploration results and evaluation of several priority drill targets.

Following is the breakdown of the acquisition and deferred exploration costs incurred on Silver Strand Project during the years ended September 30, 2023 and 2022 and the amounts capitalized as exploration and evaluation assets as of September 30, 2023 and 2022:

For the year ended	September 30, 2023 $	September 30, 2022 $
Opening	4,634,323	3,170,098
- cash	-	32,371
- shares	-	73,000
	-	**105,371**
Staking fees	7,790	-
Deferred exploration costs		
- Assays and analysis	451	-
- Consulting	-	133,914
- Drilling	13,545	602,455
- Field	9,084	31,690
- Field office administration	8,988	28,107
- Geological	197,571	341,647
- Lodging and food	-	18,586
- Sample analysis	-	59,978
	229,639	**1,216,377**
Effect of movements in exchange rates	(21,445)	142,477
Closing	**4,850,307**	**4,634,323**

Outlook

The Company received the permit from the United States Forest Service in December 2023, subject to the payment of a reclamation bond. Silver Hammer will review the project as per the Plan of Operations for a potential upcoming exploration plan in 2024, which could include up to 1,200 meters of drilling and 8 exploration drill holes. Silver Strand is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

Eliza Silver Project and Silverton Silver Project

On September 2, 2021, the Company completed the acquisition (the "BCCO Acquisition") of all the issued and outstanding securities of BCCO. As a result of the BCCO Acquisition, the Company now owns a 100% interest in the Eliza Silver Project and the Silverton Silver Project.

Eliza Silver Project

The Eliza Silver Project is located in the general area of the Hamilton silver mining district in western White Pine County, Nevada. A number of small high-grade silver mines and prospects were developed in the district in the late 1800's.

During the year ended September 30, 2022, the Company entered into an asset purchase agreement with Treasure Hill Resources LLC ("TH Resources") to acquire certain patented mining claims and associated property rights in White Pine County, Nevada (the "California Patent") with an amount of $31,263 (US$25,000). TH Resources will retain a 1% NSR from the production of minerals from the California Patent.

On October 25, 2022, the Company reported soil sampling results that have defined significant anomalies that extend well beyond the small historical mine areas. A total of 518 soil samples were collected from the northern area of Eliza with results ranging from below detection limit to 26.95 grams per tonne silver. The purpose of the soil sampling program was to further define the extent of mineralization within the northern area and examine any geochemical patterns that may exist. The soil sampling program has outline four distinct areas, which are now being further evaluated. The historic mining areas include the California, Passynak and Belmont mines; a new fourth area, the Western Anomaly will also be addressed going forward.

On April 18, 2023, the Company announced that it has engaged Precision GeoSurveys for property-wide airborne magnetic and radiometric surveys at the Eliza Silver Project. The helicopter supported surveys will use magnetic sensors flown in non-magnetic and non-conductive nose stinger configuration, with gamma sensors internal to the aircraft away from variable fuel cell attenuation, to allow for reduced terrain clearance minimizing noise and improving resolution and accuracy.

On May 2, 2023, the Company announced that it has submitted a Plan of Operations to the Humboldt-Toiyabe National Forest Ranger District of the United States Forest Service to explore its Eliza Silver Project. The Plan of Operations proposes 17 drill sites, 1.3 kilometres of road construction and rehabilitation and up to 2,100 metres of drilling. It also outlines a comprehensive exploration program including an aerial geophysical program, geologic mapping and structural analysis.

On June 5, 2023, the Company announced commencement of a property-wide airborne magnetic and radiometric survey at its Eliza Silver Project.

On July 18, 2023, the Company reported positive preliminary results of property-wide airborne magnetic and radiometric survey at its Eliza Silver Project. The preliminary results are encouraging and identify extensions to existing targets and highlight multiple new priority exploration targets.

Following is the breakdown of the acquisition and deferred exploration costs incurred on Eliza Silver Project during the years ended September 30, 2023 and 2022 and the amounts capitalized as exploration and evaluation assets as of September 30, 2023 and 2022:

(Expressed in Canadian Dollars)

For the year ended	September 30, 2023 $	September 30, 2022 $
Opening	1,526,243	1,287,007
- cash	-	31,263
	-	**31,263**
Staking fees	23,814	7,759
Deferred exploration costs		
- Consulting	81,227	106,673
- Field	1,033	19,841
- Field office administration	-	28,107
- Geological	102,330	-
- Sample analysis	-	25,565
	184,590	**180,186**
Effect of movements in exchange rates	(1,786)	20,028
Closing	**1,732,861**	**1,526,243**

Outlook

The Company anticipates receiving the Plan of Operations permit from the United States Forest Service in the second quarter of 2024, which was submitted in April 2023. Silver Hammer will review the project as per the Plan of Operations for a potential upcoming exploration plan in 2024, which would include up to 2,100 meters of drilling and 17 drill sites. Eliza is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

Silverton Silver Project

The Silverton Project is located in south-central Nevada about 100 kilometers southwest of the Eliza Project. The Company's original six-claim mineral property covers the historic Silverton mine, a small 19th century producer of silver.

During the year ended September 30, 2022, the Company made a reclamation deposit of US$22,600 as collateral for the project in the event of future operations. As of September 30, 2023, the balance of the reclamation deposit was $30,687 (US$22,600) (September 30, 2022 – $31,049 (US$22,600)).

On April 18, 2023, the Company announced that it has engaged Precision GeoSurveys for property-wide airborne magnetic and radiometric surveys at the Silverton Silver Project. The helicopter supported surveys will use magnetic sensors flown in non-magnetic and non-conductive nose stinger configuration, with gamma sensors internal to the aircraft away from variable fuel cell attenuation, to allow for reduced terrain clearance minimizing noise and improving resolution and accuracy.

On May 30, 2023, the Company announced commencement of a property-wide airborne magnetic and radiometric survey at its Silverton high-grade silver project.

On June 5, 2023, the Company stated the geophysical survey that had commenced at the Silverton Project has been completed and awaiting analysis.

(Expressed in Canadian Dollars)

Following is the breakdown of the acquisition and deferred exploration costs incurred on Silverton Silver Project during the years ended September 30, 2023 and 2022 and the amounts capitalized as exploration and evaluation assets as of September 30, 2023 and 2022:

For the year ended	September 30, 2023 $	September 30, 2022 $
Opening	1,434,269	1,255,944
Staking fees	2,448	11,342
Deferred exploration costs		
- Consulting	2,549	106,673
- Field	3,537	19,841
- Geological	46,150	-
- Sample analysis	-	25,565
	52,236	**152,079**
Effect of movements in exchange rates	(2,053)	14,904
Closing	**1,486,900**	**1,434,269**

<u>Outlook</u>

In 2024, the Company will review the existing exploration program and determine next steps, which may or may not include a drill program. The project is currently permitted for up to 2,600 meters of drilling and 13 drill sites. Silverton is an advanced exploration project and Silver Hammer may also look at joint venturing the project in the future.

SELECTED INFORMATION

	For the year ended		
	September 30, 2023 **$**	**September 30, 2022** **$**	**September 30, 2021** **$**
Operating expenses	1,960,339	1,774,314	1,565,948
Interest and miscellaneous income	-	-	-
Net loss for the year	(1,960,399)	(2,093,631)	(1,565,948)
Comprehensive loss for the year	(1,988,457)	(1,850,272)	(1,558,778)
Basic and diluted loss per share:			
- net loss	(0.04)	(0.05)	(0.10)

As at	**September 30, 2023** **$**	**September 30, 2022** **$**	**September 30, 2021** **$**
Working capital	801,882	1,371,934	1,640,916
Total assets	9,430,540	9,350,541	7,894,134
Total liabilities	524,094	352,723	274,852
Share capital	12,405,539	11,281,349	8,154,807
Deficit	5,766,395	3,805,996	1,766,365

The increase in operating expenses during the year ended September 30, 2023, compared to the year ended September 30, 2022, was mainly due to the increase in share-based payments and project evaluation costs, which was partially offset by the decrease in investor relations and promotion expenses. The increase in operating expenses during the year ended September 30, 2022, compared to the year ended September 30, 2021, was mainly due to the increase in consulting fees, investor relations and promotion expenses and professional fees, which was partially offset by the decrease in share-based payments.

(Expressed in Canadian Dollars)

During the year ended September 30, 2022, the Company recognized an impairment of exploration and evaluation assets of $265,317 as other expenses. No such impairment loss was recognized during the years ended September 30, 2023, and 2021.

The decrease in working capital during the years ended September 30, 2023 and 2022 was mainly due to the increase in operating activities and exploration work done on different projects. The Company's accounting policy is to capitalize on the exploration costs incurred on the projects as exploration and evaluation assets; as a result, given the increase in exploration activities, the total assets increased in the presented periods.

The increase in liabilities as of September 30, 2023, compared to September 30, 2022 and 2021, was mainly related to the costs, which remained unpaid as of September 30, 2023, incurred on the proposed transaction with Aurcana Silver Corporation.

The increase in share capital at each presented reporting period was mainly related to the completion of various private placements.

There is no seasonality to these variations, nor are they indicative of any trend. The Company has no operating revenue and relies primarily on financing activities to fund its activities. There have been no distributions or cash dividends declared for the periods presented.

SUMMARY OF QUARTERLY INFORMATION

	Three months ended			
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
	$	**$**	**$**	**$**
Interest income	-	-	-	-
Net loss	(289,297)	(544,231)	(837,741)	(289,130)
Comprehensive loss	(206,370)	(614,724)	(839,947)	(327,416)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.00)

	Three months ended			
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
	$	**$**	**$**	**$**
Interest income	-	-	-	-
Net loss	(639,373)	(550,847)	(401,195)	(448,216)
Comprehensive loss	(477,167)	(506,133)	(421,702)	(445,270)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)

All the Company’s resource properties are in the exploration stage. The Company has not had revenue from inception and does not expect to have revenue in the near future. The Company’s operating results are not seasonal in nature and have been mainly attributed to the amount of business activities. The expenses incurred in the presented periods above are relatively constant. The increase in net loss during the three months ended March 31, 2023 was mainly due to recognition of the share-based payments and one-time placement fees paid for appointing the Chief Executive Officer of the Company. The increase in net loss during the three months ended September 30, 2023 was mainly due to recognition of the impairment loss of the exploration and evaluation assets.

RESULT OF OPERATIONS

Three Months Ended September 30, 2023 compared with the Three Months Ended September 30, 2022

The Company is in the exploration stage and has no revenue from operations. During the three months ended September 30, 2023, the Company recorded a net loss of $289,297, a decrease of $350,076, compared to a net loss of $639,373 for the three months ended September 30, 2022.

The decrease in net loss during the three months ended September 30, 2023, is primarily due to the decrease in foreign exchange loss, investor relations and promotion and impairment of exploration and evaluation assets offset by the increase in project evaluation costs.

Foreign exchange gain for the three months ended September 30, 2023 was $29,779 compared to foreign exchange loss of $23,744 during the three months ended September 30, 2022. The increase or decrease in the foreign exchange gain or loss is primarily due to the fluctuation of the foreign exchange rate between Canadian dollars and US dollars.

Investor relations and promotion was $84,324 for the three months ended September 30, 2023 compared to $177,726 for the three months ended September 30, 2022. The decrease of $93,402 was mainly related to the decrease in the number of conferences attended by Company personnel and the decrease in investor relations activities provided by the consultants.

Impairment of exploration and evaluation assets were $nil for the three months ended September 30, 2023 compared to $265,317 for the three months ended September 30, 2022. During the three months ended September 30, 2022, the Company decided not to continue exploration of the Lacy Property; as a result, impaired the capitalized costs associated with the Lacy Property with an amount of $265,317. No such impairment was recognized during the three months ended September 30, 2023.

Project evaluation costs were $85,878 for the three months ended September 30, 2023 compared to $nil for the three months ended September 30, 2022. The increase is due to the due diligence work being done for the proposed transaction. *[See Section: Proposed Transactions for details.]*

Year Ended September 30, 2023 compared with the Year Ended September 30, 2022

The Company is in the exploration stage and has no revenue from operations. During the year ended September 30, 2023, the Company recorded a net loss of $1,960,399, a decrease of $79,232, compared to a net loss of $2,039,631 for the year ended September 30, 2022.

The decrease in net loss during the year ended September 30, 2023, is primarily due to the decrease in consulting fees, investor relations and promotion, professional fees and impairment of exploration and evaluation assets offset by the increase in general and administrative expenses, project evaluation costs and share-based payments.

Consulting fees were $361,416 for the year ended September 30, 2023, a decrease of $44,584, $compared to $406,000 for the year ended September 30, 2022. Consulting fees include the fees paid to the Company's Chief Executive Officer ("CEO") and consultants who provide corporate advisory services to the Company. During the year ended September 30, 2023, two consultants of the Company agreed to reduce the monthly consulting fees. In addition, during the year ended September 30, 2022, the Company paid a $25,000 signing bonus to one of the consultants of the Company. No such bonus was paid during the year ended September 30, 2023. The decrease in consulting fees was partially offset by the increase in consulting fees paid to the Company's CEO. During the year ended September 30, 2023, the Company paid $212,500 consulting fees to the Company's CEO (September 30, 2022 - $175,000), of which $175,000 was paid to the current CEO (September 30, 2022 - $nil) and $37,500 was paid to the former CEO (September 30, 2022 - $175,000).

Investor relations and promotion was $599,244 for the year ended September 30, 2023 compared to $848,561 for the year ended September 30, 2022. During the year ended September 30, 2023, there was a reduction in services provided by consultants engaged for social media and investor relations services, marketing and advisory services as well as advertising and promotional services which led to a decrease in investor relations and promotion as compared to the prior year.

Professional fees were $260,605 for the year ended September 30, 2023, a decrease of $90,482, compared to $351,087 for the year ended September 30, 2022. Professional fees were primarily associated with the expenses incurred by the Company's Chief Financial Officer ("CFO), corporate secretary, legal counsel and auditors. Professional fees of $127,260 (September 30, 2022 – $136,380) were paid to the Company's CFO for accounting and support services provided to the Company. During the year ended September 30, 2023, legal fees related to the proposed transaction with Aurcana Silver Corporation were capitalized as deferred acquisition costs; as a result, the professional fees recognized operating expenses in the consolidated statement of loss and comprehensive during the year ended September 30, 2023 was decreased compared to the year ended September 30, 2022.

Impairment of exploration and evaluation assets were $nil for the year ended September 30, 2023 compared to $265,317 for the year ended September 30, 2022. During the year ended September 30, 2022, the Company decided not to continue exploration of the Lacy Property; as a result, impaired the capitalized costs associated with the Lacy Property with an amount of $265,317. No such impairment was recognized during the year ended September 30, 2023.

General and administrative expenses were $168,419 during the year ended September 30, 2023, an increase of $96,551 compared to $71,868 during the year ended September 30, 2022. The increase was primarily related to a placement fee of $109,806 paid to an agent for appointing the Company's current CEO. No such fee was paid during the year ended September 30, 2022.

Project evaluation costs increased to $133,279 for the year ended September 30, 2023 compared to $nil for the year ended September 30, 2022. The increase is due to the due diligence work being done for the proposed transaction. *[See Section: Proposed Transactions for details.]*

Share-based payments increased to $362,895 for the year ended September 30, 2023 compared to $nil for the year ended September 30, 2022. Share-based payments are mainly related to recognizing the fair value of the options granted during the vesting period. Previous recognized share-based payments of the forfeited options are reversed as a recovery at the date of forfeiture. During the year ended September 30, 2023, the Company granted 1,935,000 options to its directors, officers, employees, consultants and Board advisor. The estimated grant date fair value of $362,895 of the options was determined and recognized during the year ended September 30, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Working capital and cashflow

As at September 30, 2023, the Company had working capital of $801,882 (September 30, 2022 – $1,371,934) including cash of $632,232 (September 30, 2022 – $1,427,556).

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

Operating activities

Cash outflows of $1,425,210 were recorded from operating activities during the year ended September 30, 2023. This is primarily due to outflows relating to consulting fees, general and administrative, investor relations and promotion, professional fees, project evaluation costs, regulatory and transfer agents and travel.

Investing activities

During the year ended September 30, 2023, the Company incurred $732,592 in exploration and evaluation expenditures on the Silver Strand, Eliza Silver and Silverton Silver projects. The Company also paid $166,903 in connection with the proposed transaction. *[See Section: Proposed Transactions for details.]*

Financing activities

During the year ended September 30, 2023, the Company received gross proceeds of $1,824,125 from a private placement.

The Company also received $6,125 in proceeds from 61,250 warrants exercised.

The proceeds from the private placement were used for exploration work on the Silver Strand Project, Eliza Silver Project and Silverton Silver Project and working capital and general corporate purposes as planned.

OUTSTANDING SHARE DATA

At September 30, 2023, the Company had 54,191,412 (September 30, 2022 – 46,713,662) common shares issued and outstanding with a value of $12,405,539 (September 30, 2022 – $11,281,349).

Escrow Shares

On March 4, 2021, the Company entered into an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings*, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 270,000 common shares (released)
- On October 29, 2021: 405,001 common shares (released)
- On April 9, 2022: 405,001 common shares (released)
- On October 29, 2022: 405,000 common shares (released)
- On April 9, 2023: 405,000 common shares (released)
- On October 29, 2023: 404,999 common shares (released subsequent to September 30, 2023)
- On April 9, 2024: 404,999 common shares

As of September 30, 2023, there were 809,998 common shares held in escrow (September 30, 2022 – 1,619,998).

During the year ended September 30, 2023

- On May 24, 2023, the Company completed a brokered private placement (the "2023 Financing") by issuing 7,296,500 units at $0.25 per unit for total gross proceeds of $1,824,125. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.33 for a period of 24 months from the closing date of the 2023 Financing.

(Expressed in Canadian Dollars)

In connection with the 2023 Financing, the Company:

- paid a cash commission of $118,050 to the agent;
- issued 472,200 broker's warrants, each exercisable to acquire one common share at $0.25 for a period of 24 months from the closing date of the 2023 Financing; and
- issued 120,000 units, which are subject to a 4-month hold, with fair value of $30,000 as corporate finance fee.

In addition, the Company incurred $178,010 share issuance costs.

- 61,250 warrants were exercised for proceeds of $6,125.

- The Company granted 750,000 options with an exercise price of $0.24 to its newly appointed President and CEO. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- The Company granted 1,000,000 options with an exercisable price of $0.24 to its directors, officers, employees and consultants. 100,000 options were granted to an IR consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- The Company granted 185,000 options with an exercise price of $0.24 to its Board Advisor. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- 6,718,814 warrants expired unexercised.
- 650,000 options were cancelled.

As at the date of this MD&A, the Company had the following common shares, options and warrants issued and outstanding:

- 54,191,412 common shares;
- 8,689,924 warrants with exercise prices ranging from $0.25 to $0.50; and
- 3,685,000 stock options with exercise prices ranging from $0.24 to $0.65.

RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties as defined as IAS 24, Related Party Disclosures, include the Company's subsidiaries and the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

Related Party	Relationship
Peter A. Ball	President, CEO and Director
Alnesh Mohan	CFO, Director and Corporate Secretary
Lawrence Roulston	Director
Donald Birak	Director
Ron Burk	Director, Technical Advisor
Warwick Smith	Former Interim CEO, Former Interim President
Joness Lang	Former Director
Morgan Lekstrom	Former CEO and Former President
Michael Dake	Former Director, Former CEO and Former Corporate Secretary
David Grandy	Former Director

Ariston Capital Corp.	A corporation controlled by the CEO, President and Director
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
All Mine Consulting	A company controlled by the Former CEO and Former President
Harbourside Consulting	A company controlled by the Former Interim CEO and Former Interim President

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the year ended September 30, 2023 and 2022:

	For the years ended	
	September 30, 2023	**September 30, 2022**
	$	**$**
Peter Ball, CEO, President, Director (1)		
Consulting fees	175,000	-
Share-based payments	145,992	-
	320,992	**-**
Alnesh Mohan, CFO, Director, Corporate Secretary (2)		
Professional fees	127,260	136,380
Share-issuance costs	9,500	3,500
Deferred acquisition costs	9,013	-
Share-based payments	36,011	-
	181,784	**139,880**
Lawrence Roulston, Director		
Share-based payments	36,011	-
	36,011	**-**
Joness Lang, Former Director		
Share-based payments	36,011	-
	36,011	**-**
Ron Burk, Director, Technical Advisory		
Share-based payments	36,011	-
	36,011	**-**
Morgan Lekstrom, Former CEO, Former President (3)		
Consulting fees	37,500	175,000
	37,500	**175,000**
Warwick Smith, Former Interim CEO, Former Interim President, Former Director (4)		
Consulting fees	37,500	-
Share-based payments	31,145	-
	68,645	**-**
TOTAL	**716,954**	**314,880**

(1) Fees paid to Ariston Capital Corp.
(2) Fees paid to Quantum Advisory Partners LLP. Fees were paid for the provision of CFO, financial reporting and accounting support services.
(3) Fees paid to All Mine Consulting.
(4) Fees paid to Harbourside Consulting.

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $45,547 as at September 30, 2023 (September 30, 2022 – $11,156) of which $25,545 is owed to Ariston Capital Corp. (September 30, 2022 - $nil) and $20,002 owed to Quantum Advisory Partners LLP (September 30, 2022 - $11,156).

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

As of September 30, 2023, and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

On September 27, 2023, the Company entered into a definitive share purchase agreement (the "Purchase Agreement") to acquire a 100% interest in the Shafter silver deposit (the "Shafter Project"), a previously producing high-grade silver mine located in Presidio County in Southwest Texas, from Aurcana Silver Corporation ("Aurcana") (the "Proposed Transaction").

In connection with the Purchase Agreement, the Company will first complete a reorganization (the "Reorganization") whereby all of the Company's outstanding common shares will be acquired by a newly incorporated company, Silver Hammer Metals Corp. ("Newco"), and shareholders of the Company will receive common shares of Newco ("Newco Shares") in exchange for common shares of the Company. Newco will then acquire all of the outstanding common shares in the capital of Rio Grande Mining Corporation ("Rio Grande"), a subsidiary of Aurcana that owns the assets, property, rights and undertakings of and relating to the Shafter Project (the "Shafter Acquisition"). The Reorganization is expected to be implemented by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia) (the "Plan of Arrangement"), which will result in the Company becoming a wholly-owned subsidiary of Newco. Under the Plan of Arrangement, each common share of the Company will be exchanged for one Newco Share and the convertible securities of the Company will become exercisable for securities of Newco on an equivalent basis. The Reorganization is subject to approval of the Supreme Court of British Columbia and the shareholders of the Company.

On closing of the Proposed Transaction, in consideration for the shares of Rio Grande, Aurcana will receive a cash payment of US$800,000 (less certain exclusivity fees and prepaid expenses) and 23,000,000 Newco Shares at a deemed price of $0.25 per Newco Share. In addition, upon the completion of the next equity financing completed by Newco following the closing of the proposed transaction, Aurcana will receive an additional cash payment of US$375,000. Aurcana may also receive additional post-closing payments, payable in cash or shares, subject to the achievement of certain milestones within 48 months of closing of the Shafter Acquisition in the aggregate amount of up to US$3,000,0000, as follows:

a) up to US$1,000,000 will be payable in connection with the first public announcement of a new mineral resource estimate on the Shafter Project which includes measured and indicated mineral resources of at least 18 million ounces as follows:
    i. US$500,000 will be payable if the updated mineral resource estimate includes measured and indicated mineral resources, as defined under the Canadian Institute of Mining Metallurgy and Petroleum (the "CIM") Standards, of at least 18,000,000 ounces of silver; and

   ii. A further US$500,000 will be payable if the updated mineral resource estimate includes measured and indicated mineral resources, as defined under the CIM Standards, of at least 22,000,000 ounces of silver,

b) US$1,000,000 will be payable upon the Shafter Project entering commercial production,
c) US$500,000 will be payable if the spot price of silver is equal to or greater than US$30 per ounce for a period of 60 consecutive days, and
d) an additional US$500,000 will be payable if both (b) and (c), above, are met.

Newco has also entered into an agreement with noteholders of Rio Grande to settle certain outstanding debt of Rio Grande in connection with the Shafter Acquisition (the "Debt Settlement"). Pursuant to the Debt Settlement, Newco will acquire all of the outstanding notes of Rio Grande in the aggregate principal amount of $6,517,662 (the "Rio Grande Notes") in consideration for:

a) an aggregate of 4,000 debenture units of Newco, each consisting of one $1,000 principal amount secured convertible debenture of Newco, representing $4,000,000 in total (the "Debentures"), and 2,000 common share purchase warrants of Newco (the "Newco Warrants"),
b) an aggregate of 8,000,000 units of Newco, each consisting of one Newco Share and one-half of a Newco Warrant, and
c) additional securities of Newco on the same terms as the Concurrent Financing (as described below) in settlement of all interest accrued on the Rio Grande Notes from August 31, 2023 to the closing date of the Proposed Transaction.

The Debentures will be convertible into Newco Shares at the conversion price of $0.25 per Newco Share and each Newco Warrant will entitle the holder thereof to purchase one Newco Share at the exercise price of $0.33 per Newco Share for a period of 24 months from closing.

In connection with the Shafter Acquisition and pursuant to the terms of the Purchase Agreement, the Company will arrange concurrent equity financing for minimum gross proceeds of $3,000,000 (the "Concurrent Financing").

Completion of the Shafter Acquisition is subject to a number of conditions, including:

i. the receipt of all required approvals of the shareholders of Aurcana and the Company;
ii. the receipt of all necessary regulatory and third-party consents, approvals and authorizations, including all necessary stock exchange approvals;
iii. the completion of the Concurrent Financing for minimum gross proceeds of $3,000,000,
iv. the completion of the Reorganization and the Debt Settlement,
v. conditional approval of the CSE for the listing of the Newco Shares, including the Newco Shares to be issued in connection with the Shafter Acquisition, the Reorganization and the Debt Settlement, and
vi. other standard closing conditions for a transaction of this nature.

The Proposed Transaction had not been closed as of September 30, 2023.

CRITICAL ACCOUNTING ESTIMATES

The financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

NEW ACCOUNTING STANDARDS

There were no new or amended IFRS pronouncements effective October 1, 2022 that impacted the Company's audited consolidated financial statements for the year ended September 30, 2023.

The Company has not identified any new accounting pronouncements that are likely to have a material impact on the consolidated financial statements.

COMMITMENTS

The Company does not have any significant commitments except for the commitments noted under the section of "Exploration and Evaluation Assets".

CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay damages in any form by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 9 of our audited consolidated financial statements for the year ended September 30, 2023. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended September 30, 2023.

RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time.

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflations and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interest in the Silver Strand Project, the Eliza Silver Project and the Silverton Silver Project.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital. The Company has no long-term debt, capital lease obligations, operating leases or any other long-term obligations.

Negative Operating Cash Flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Permits and Government Regulations

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Company's properties. On March 24, 2022, the Company received permits to drill at Silverton Project. The Company currently does not have any permits in place for any of other projects.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Fluctuating Mineral Prices and Currency Risk

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in US dollars.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Public Health Crisis

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020, the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. Over the past couple of years, there were a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has also caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary and a number of jurisdictions, including in Canada and the United States, have started to lift certain COVID-19 related restrictions, the duration of the various disruptions to businesses locally and internationally and related financial impact cannot be reasonably estimated at this time.

Public health crises such as COVID-19 can result in volatility and disruptions in the supply and demand for gold, silver and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Company’s business operations cannot be reasonably estimated at this time. However, it is not expected that the COVID-19 pandemic will have a material adverse impact on the Company’s business, results of operations, financial position and cash flows in 2023 and going forward. As the government decreed that mining has been determined an essential service, the Company has resumed operations and have put in place the appropriate safety policies and procedures related to COVID-19.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company’s cash; (ii) through companies that have payables to the Company; and (iii) through the Company’s insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.