



**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

**For the three months ended October 31, 2023 and 2022  
(Expressed in Canadian dollars)**

**SULLIDEN MINING CAPITAL INC.  
(an exploration stage mining company)**

198 Davenport Avenue  
Toronto, ON M5R 1J2

**Date: December 11, 2023**

## **INTRODUCTION**

The following Management Discussion and Analysis (“MD&A”) of Sulliden Mining Capital Inc. (“we”, “our”, “us”, the “Company” or “SMC”) provides a discussion and analysis of the operations, results, and financial condition of the Company for the three months ended October 31, 2023 and 2022 and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended July 31, 2023. This discussion covers the period for the three months ended October 31, 2023 and the subsequent period up to the date of this MD&A. Other pertinent information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) as well as on the Company’s website at [www.sulliden.com](http://www.sulliden.com).

For the purpose of preparing our MD&A, the Company considers the materiality of information. Information is considered material if in the opinion of management: (i) such information results in, or would reasonably be expected to result in, a significant effect in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information that also involves numerous risks and uncertainties. Actual results of the Company’s business and operations could differ materially from those discussed in such forward-looking information as a result of the risks and uncertainties faced by the Company, including those set forth in this MD&A under “Forward-looking Information and Cautionary Statements”, “Risk and Uncertainties”, and as discussed in the Company’s annual information form (AIF) which is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

References to the first quarter of 2024 and 2023 or Q1-2024 and Q1-2023 mean the quarters ending October 31, 2023 and October 31, 2022, respectively.

The scientific and technical information contained in this MD&A respecting the Orange Creek, Otish Property and Salt Cay Property has been reviewed and approved by Roger Lemaitre, P.Eng., P.Geo., the Company’s Vice President (Uranium) who is a “qualified person” as defined in NI 43-101.

Stéphane Amireault, P.Eng (B.Eng; MScA), is a Qualified Person for geology for the purposes of National Instrument 43-101 (“NI 43-101”). Mr. Amireault has reviewed and approved the scientific and technical disclosure in this MD&A with respect to the East-Sullivan Property.

## **UPDATE AND OUTLOOK**

The Company was incorporated on June 10, 2014 as a wholly owned subsidiary of the former Sulliden Gold Corporation Ltd. (“Sulliden”). Pursuant to a statutory plan of arrangement (the “Arrangement”) under section 182 of the *Business Corporations Act* (Ontario) among the Company, Sulliden and Rio Alto Mining Limited (“Rio Alto”), all of the issued and outstanding common shares of Sulliden were, effective August 5, 2014, exchanged for 0.525 of a common share of Rio Alto and 0.10 of a common share of the Company. Effective August 11, 2014, the common shares of the Company commenced trading on the Toronto Stock Exchange under the symbol SMC.

Upon completion of the Arrangement, the Company assumed Sulliden’s interests in the East Sullivan Property, valued in the amount of \$133,538 and the Company was capitalized with \$24,760,514 in cash.

## **EAST SULLIVAN PROPERTY**

The Company’s exploration property is located in the Abitibi region of Québec, about five kilometers southeast from the city of Val-d’Or. The property forms a single claim block that consists now of 13 contiguous claims converted from 22 staked claims in 1981 for a total area of 334 ha.

The Company holds a 100% interest in these claims, which are all in good standing and not subjected to any royalty agreement. In Québec, staked mining claims require a \$1,000 payment or work equivalent to be renewed on a two-year anniversary cycle. Suitable banked assessment credits originally generated by completing and filing eligible exploration work may be distributed on contiguous claims. Effective August 19, 2013, Sulliden Gold Corporation Ltd. had accumulated credits for a total of \$1,083,514. Effective December 10, 2013, accumulated assessment credits have a period of validity of the longer of twelve years or twelve years after filing for eligible assessment work.

The Company's exploration property is on public land, and permits would be obtained from the Ministère des Ressources Naturelles du Québec ("MRN") for machinery access, for drilling, or mechanical trenching activities.

There are no surface rights associated to the land holding, but exploration work would be coordinated with other land users including the MRN, the Québec Environment and Sustainable Development Ministry ("MDDP"), the City of Val-d'Or and Agnico-Eagle's Goldex-Manitou project managers in the area occupied by a tailings pile. The tailings pile left by the former East Sullivan Mines has been rehabilitated by the MRN and a certificate of authorization issued by the MDDP is required before initiating a drill program from the tailings surface or the containment dam.

The exploration property includes the past producing site of the East Sullivan Mine. This historical exploitation of copper-zinc (gold-silver) massive and disseminated sulphide lenses left mining infrastructure and a large tailings pile covering the central part of the property. After closure of the mine in 1966, the site was abandoned and declared an orphan site by the government of Québec and is still listed as such. The site was among the first to be reclaimed by the Québec Government in the early 1980's, because of acid drainage problems caused by the pyrite-rich tailings. Wood waste covering of the tailings pile to reduce oxidation by rain-water was initiated in 1984. In addition, the pile was surrounded by a containment dam between 1992 and 1996. In 1998, a recirculation circuit was introduced by pumping the outflow water from the impoundment to the tailings pile, throughout the organic cover.

There is no direct liability for past production on the property for the Company, but future exploration and exploitation activities will have to be carried out in coordination with governmental representatives in order to keep the integrity of the tailings confinement system. Ultimately, the tailings pile could be further secured and used for tailings disposal in the case of any future production by constructing appropriate containment facilities for tailings and waste material.

#### ***Mineral Resource Estimate and characterization of the Former East-Sullivan Mine***

There are no current mineral reserves or mineral resources for the exploration property. Further details relating to the exploration property can be found in the technical report (NI-43-101) titled *Technical Report on the East Sullivan Property, Abitibi, Quebec*, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The past operating mine has declared a total production of 15 Million Metric Tonnes of Copper, Zinc, Gold and Silver ore from 1949 to 1966.

The type of ore deposit is interpreted from preliminary geological interpretation, mineral alteration and petrography study as having both skarn-like and volcanogenic massive sulfide affinities.

The characterization of in situ metal distribution for the exploited sulfide lenses was completed to help appreciate the exploration potential on the property.

Overall, 15 Million tonnes were milled from 24 lenses with a mine life average grade of 1.04% Cu, 0.79% Zn, 0.36 g/t Au and 10.3 g/t Ag.

Out of these 24 lenses, 3 mineralized lenses represented approximately 57% of the ore sent to the mill.

These 3 lenses are aligned in an East-West Corridor, at short distance and west from the boundary of the multiphase East-Sullivan Pluton. The lenses are found between surface and 300m depth and seem fault bounded to the North.

They show the following metal association: Cu - Zn ± Au ± Ag. They made up most (± 80%) of the metal produced from the mine. The 3 lenses accounted for 8.6 Million tonnes with grades of: 1.39% Cu, 1.12% Zn, 0.50 g/t Au, 11.4 g/t Ag, which are higher than the average for the whole deposit.

The main sulfide association for these lenses is composed of Chalcopyrite – Pyrrhotite ± Pyrite, sitting in a pervasively altered sequence of chloritized and silicified rocks.

Five smaller lenses showing distinct geological features were also noted. These 5 lenses are tabular in shape and are aligned in an East-West Shear Zone located immediately north of the lenses described above.

They are rich in zinc and accounted for 14 % of the zinc produced at the mine.

The main sulfide association found in these massive sulfide lenses consists of Sphalerite – Pyrite ± Galena, sitting in a pervasively altered sequence of sericitized rocks.

### **Ongoing work**

A compilation of surface and underground drill data respecting the former East-Sullivan mine was completed in 2020, which lead management to a better understanding of mineralization trends and controls. The eastern extension of the mineralization straddles the East-Sullivan pluton contact oriented N50E and was object of the 2019 drill campaign, whereas the western extension is oriented east-west and was drilled in 2020.

- 1- In September 2019, Sulliden completed drillholes SU-19-001 and SU-19-002 to test the eastern extension of the East-Sullivan past producing mine, for a total of 942m of drilling. Highlights are 52.4 meters grading 0.45% Cu and 0.44 g/t Au for the first hole, and 20.2 meters grading 0.66% Cu and 0.4 g/t Au for the second hole.
- 2- In October 2020, drill holes SU-20-001 and SU-20-002 tested a magnetic anomaly at the western contact of the East-Sullivan pluton and the western extension of the East-Sullivan past producing mine, respectively. A total of 1091m were drilled for this phase. Drillhole SU-20-002 intersected 9 meters averaging 0.95% Cu and 0.14 g/t Au

In 2022, a drill campaign was executed to further exploration conducted in the late 1980' and early 1990'. Five drill holes aimed at extending a shear-hosted gold zone previously documented inside the East-Sullivan pluton, for which no core is available. A sixth drill hole targeted an IP anomaly located at the extreme west of the property. A total of 2245m were drilled for this drill campaign.

Results and Drill hole location are found in the table 1 and 2 below:

Table 1: Drill hole mineralized intersections

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>Approx. True width (m)</b>	<b>Geology</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
SU-22-001	284.0	289.9	5.9	2.3	Main Shear	<0.2	<0.2
SU-22-002	244.9	248.6	3.7	1.9	Top Shear	<0.2	<0.2

SU-22-002	255.0	263.0	8.0	4.1	Main Shear	<b>2,56</b>	<b>1,7</b>
SU-22-003	215.2	219.0	3.8	1.0	Top Shear	<0.2	<0.2
SU-22-003	239.5	242.0	2.5	0.7	Main Shear	<b>1.51</b>	<b>1.5</b>
SU-22-004	310.0	312.4	2.4	0.7	Top Shear	<0.2	<0.2
SU-22-004	321.4	326.7	5.3	1.6	Main Shear	<b>0,52</b>	<b>0,4</b>
SU-22-005	192.0	194.0	2.0	0.9	Pyritic veinlets	<b>1,04</b>	<b>0,2</b>
SU-22-005	366.4	367.7	1.3	0.6	Top Shear	<0.2	<0.2
SU-22-005	388.0	392.2	4.2	1.9	Main Shear	<b>0,22</b>	<b>&lt;0.2</b>
SU-22-006	114.6	150.2	35.6	?	Pyritic (2-7%) Dacite	<0.2	<0.2

Table 2 : Drill hole coordinates

Drill Hole	E_MTM83	N_MTM83	Elevation (m)	Length (m)	Azimuth	Dip
SU-22-001	215944	5326705	326	400	0	-75
SU-22-002	215391	5326475	324	297	340	-80
SU-22-003	215391	5326475	324	282	325	-65
SU-22-004A	215416	5326365	323	54	5	-70
SU-22-004	215416	5326365	323	357	5	-70
SU-22-005	215583	5326385	324	441	0	-80
SU-22-006	213920	5326501	330	414	0	-65

The drill results from the five drill holes drilled on the gold zone confirmed the tabular geometry of a main shear zone hosting the gold mineralization. The drill campaign showed that the extension of the mineralized portion of the main shear zone is 300m down dip x 200m strike wise.

However, so far, the results show a sub-economical combination of grade and true width in the context of an underground target.

Another, barren shear zone of the same general attitude was also discovered above the main shear zone.

The sixth hole tested an IP (chargeability) anomaly which is explained by a felsic volcanic unit carrying a general content of 2-7% of pyrite over 35.6 drill meters. Also, various intervals of argillite with variable content of sulfides are found in the drill sequence. A downhole EM survey was carried out but failed to reveal large quantities of sulfides in the immediate neighborhood of this drill hole.

These observations may be interpreted as the distal expression of a volcanogenic massive sulfide environment. In addition, the chemistry of the pyrite-rich sequence has a greater metal affinity with the mostly VMS mineralization of the East Sullivan Deposit than with the skarn-like mineralization found at the contact with the East-Sullivan Pluton.

## SALT CAY PROPERTY

On November 18, 2021, the Company closed the transaction to acquire all of the issued and outstanding common shares of Salt Cay Horizons Ltd. ("Salt Cay") from the shareholders of Salt Cay. Salt Cay, through its wholly owned subsidiary, holds just over 17,000 hectares of concessions in an emerging clean and energy metals district in mining-friendly jurisdictions of Peru. The area is host to multiple uranium deposits that are large scale, very near to surface and potentially heap leachable, giving them what the company believes to be a strong economic case. The region also has several near-surface lithium deposits associated with uranium mineralization in the Yapamayo member formation, as well as higher-grade lithium in the underlying Sapanuta member formation. The concessions are accessed by a series of paved roads

from the city of Puno to the town of Macusani, which connects to the Interoceanic Highway, a two-lane, paved highway that passes 14 kilometres northeast of the property.

As consideration for the acquisition of a 100% equity interest in Salt Cay, the Company issued 13 million common shares of the Company to the shareholders of Salt Cay at an estimated fair value of \$2,600,000 based on the market price of the common shares at the date of issuance. The Company acquired the Salt Cay assets along with a \$200,000 demand loan payable to Canadian GoldCamps Corp. that is interest free.

### Otish Uranium Claims

The Company holds 991 uranium claims representing 51,035 hectares of concessions in the mining-friendly jurisdiction of Quebec. Most of the property is located in the Proterozoic Otish supergroup. The claims represent a significant land position. Two of the three claim blocks surround the most advanced project in the district, the Matoush deposit (owned by Consolidated Uranium Inc.).

### Orange Creek

On June 27, 2023, the Company entered into a purchase agreement to acquire a 75% interest in the Orange Creek uranium project through the acquisition of 75% of the issued common shares of a private Australian company from its shareholders. The project is located in the Northern Territory of Australia. As consideration, the Company has agreed to pay AUD\$400,000 to the vendor, AUD\$100,000 (\$88,410) on the date that the agreement is executed (paid) and an additional AUD\$300,000 (\$263,880) on the later of the date of closing the acquisition and 45 days following the execution date (paid). As additional consideration, the Company has also agreed to finance the continuing statutory obligations and exploration activities of the property during the period from the execution date to the closing and to finance additional exploration activities over the two-year period following closing to the value of AUD\$300,000. On August 14, 2023, the Company finalized its acquisition of 75% interest in Orange Creek Resources Pty Ltd.

## RESULTS OF OPERATIONS

### For the three months ended October 31, 2023

For the three months ended October 31, 2023, the Company reported a net loss of \$831,991 (or \$0.01 per share), compared to a net loss of \$3,628,468 for the three months ended October 31, 2022 (or \$0.03 per share). Net comprehensive loss was \$831,991 for the three months ended October 31, 2023 (three months ended October 31, 2022: comprehensive income of \$3,628,468).

#### *Share-based compensation expense*

Share-based compensation was \$2,081 for the three months ended October 31, 2023 compared to a recovery of \$1,251 for the three months ended October 31, 2022. Share-based compensation expense relates to Stock options, Restricted Share Units (“RSUs”) and Deferred Share Units (“DSUs”) granted to directors, officers, employees and consultants of the Company.

Share-based payments	Three months ended	
	October 31, 2023	October 31, 2022
Share purchase options	\$ 3,080	\$ -
Deferred share units	(999)	(1,251)
	<u>\$ 2,081</u>	<u>\$ (1,251)</u>

During the three months ended October 31, 2023 and the three months ended October 31, 2022, the Company did not grant RSUs, or DSUs to directors, officers, employees and consultants of the Company. The Company incurred share-based payment expenses related to accruals and/or vesting of the RSUs and

DSUs granted during prior periods. The value of the DSUs is based on the Company's share price which decreased during the period.

On August 14, 2023, the Company granted 100,000 stock options to a consultant to purchase shares of the Company. The stock options vested immediately and have an estimated grant date fair value of \$3,080 using the Black-Scholes option pricing model with the following assumptions: current stock price of \$0.04; expected dividend yield of 0%; expected volatility of 101.8%; risk-free interest rate of 4.12%; and an expected average life of 5 years.

As a result of the Company adopting the RSU and DSU plans in 2014, as at October 31, 2023, the Company has allocated an aggregate of 7,345,000 RSUs to employees of the Company and an aggregate of 1,350,000 DSUs to the Company's independent directors.

Each RSU entitles an employee of the Company to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. Of the 7,345,000 RSUs, 416,666 RSUs were cancelled, 3,000,000 RSUs vested in three equal tranches, on each of January 1, 2015, January 1, 2016 and January 1, 2017; 500,000 RSUs vested in three equal tranches on each of January 5, 2017, January 5, 2018 and January 5, 2019; 875,000 RSUs vested in three equal tranches on each of February 1, 2016, February 1, 2017 and February 1, 2018 and 2,553,334 RSUs, of which 990,000 vested on June 1, 2018, 906,667 vested on February 1, 2019 and 656,667 vested on February 1, 2020. At October 31, 2023, no shares remained in treasury with the trustee and shares had not been issued for 958,335 of the 990,000 RSUs that vested on June 1, 2018, 166,667 of the RSUs that vested on January 5, 2019, 906,667 of the RSUs that vested on February 1, 2019 and 656,667 of the RSUs that vested on February 1, 2020.

Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company upon ceasing to hold office. As at October 31, 2023, 386,869 DSU's that are issued for current directors are fully vested.

*Professional, consulting and management fees*

Professional, consulting and management fees of \$237,070 were incurred for the three months ended October 31, 2023 compared to \$393,560 for the three months ended October 31, 2022 as follows:

	<b>Three months ended October 31,</b>	
	<b>2023</b>	<b>2022</b>
Salaries and benefits	\$ -	\$ 613
Directors fees	-	18,750
Consulting fees	219,432	355,559
Legal, audit and professional fees	17,638	18,638
	<b>\$ 237,070</b>	<b>\$ 393,560</b>

Consulting fees are lower in Q1-2024 compared to Q1-2023 due to a decrease in consultants used in the current period related to the property interests acquired during the current period compared to prior period.

*General and administrative expenses*

General and administrative expenses for the three-month periods are reflected in the table below:

	<b>Three months ended</b>	
	<b>October 31,</b>	
	<b>2023</b>	<b>2022</b>
General and office	\$ 53,599	\$ 56,184
Shareholder communication	29,095	30,432
Travel and accommodation	473	297,483
	<b>\$ 83,167</b>	<b>\$ 384,099</b>

General and office costs were lower during Q1-2024 compared to Q1 2023 and shareholder communications were lower during Q1-2024 compared to Q1-2023. Travel costs during Q1-2024 were lower compared to Q1-2023 as a result of less travel during the current period.

#### *Other*

The Company's other expenses during Q1-2024 resulted primarily from realized losses of \$338,313 that were offset by unrealized gains in investments of \$27,909 on securities that are classified as fair value through profit or loss ("FVTPL"). During the comparative period ended October 31, 2022, the Company recorded a realized losses of \$1,263,514 and unrealized losses of \$1,677,168. See Related Party Disclosures section of this report.

### **SUMMARY OF QUARTERLY RESULTS**

	October 31, 2023 Q1-2024	July 31, 2023 Q4-2023	April 30, 2023 Q3-2023	January 31, 2023 Q2-2023
Interest income	\$ 20	\$ 4,818	\$ 5,260	\$ 5,075
Net (loss)	(831,991)	(523,418)	(340,777)	(980,069)
Net comprehensive (loss)	(831,991)	(523,418)	(340,777)	(980,069)
Basic and diluted net (loss) per share	(0.01)	\$0.00	\$0.00	(0.01)
Total assets	2,919,452	3,471,330	4,219,582	4,673,331

  

	October 31, 2022 Q1-2023	July 31, 2022 Q4-2022	April 30, 2022 Q3-2022	January 31, 2022 Q2-2022
Interest income	\$ 5,028	\$ 4,764	\$ 4,408	\$ 6,466
Net (loss)	(3,628,468)	(2,704,804)	(1,823,281)	(4,454,147)
Net comprehensive (loss)	(3,628,468)	(2,704,804)	(1,823,281)	(4,454,147)
Basic and diluted net (loss) per share	(0.03)	(0.03)	(0.02)	(0.05)
Total assets	5,582,709	9,107,953	9,519,098	10,889,296

The granting of stock options, RSUs and DSUs and bonuses in a particular quarter gives rise to stock-based compensation expense. This can generate fluctuations in expense and net income or loss quarter over quarter. As well, fluctuations in market prices of securities causes volatility in net income or loss through unrealized gains, as well as through the sale of securities. In Q3-2023 and Q4-2022, mark-to-market fluctuations resulted in gains generating income during the quarter while in Q1-2024, Q4-2023, Q2-2023, Q1-2023, Q3-2022, and Q2-2022 mark-to-market fluctuations resulted in losses. The Company realized gains and losses on the sale of investments in several of these quarters. Comprehensive loss accounts for foreign exchange translation changes related to the Company's subsidiary.

## **FINANCIAL POSITION**

As at October 31, 2023, the Company held cash and cash equivalents of \$178,280 (July 31, 2023: \$35,084), investments, at fair market value through profit and loss of \$2,299,363 (July 31, 2023: \$3,319,363), and loan receivable of \$335,000 (July 31, 2023: nil). The loan receivable at October 31, 2023, were from VC7K Capital Inc. and an arm's length individual. The loan receivable balance at October 31, 2023 and July 31, 2023 was \$335,000 and nil, respectively.

Accounts payable and accrued liabilities totaling \$904,298 at October 31, 2023 (July 31, 2023 - \$673,285) are comprised primarily of amounts payable of \$653,386, and accrued liabilities of \$250,912. Included in accrued liabilities is a DSU liability of \$45,294 that is comprised of 386,869 vested DSUs at a weighted average share price of \$0.13.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at October 31, 2023, SMC has working capital of \$1,878,158 (July 31, 2023 – \$2,707,069), and an accumulated deficit of \$35,362,769 (July 31, 2023 - \$34,530,778). These matters represent material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern. The continuation of SMC as a going concern is dependent upon the ability of the Company to obtain the necessary equity financing to continue operations, the successful results of mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom or realize proceeds from their sale. SMC may periodically have to raise additional capital to fund projects and continue operations, and while it has been successful in doing so in the past, there can be no assurance the Company will be able to do so in the future. Management believes SMC will obtain the funding required to maintain current levels of operations and continue as a going concern for the following year.

As at October 31, 2023, the Company had 128,275,979 common shares issued and outstanding and 4,900,000 share purchase options outstanding which would generate \$652,000, if exercised in full. The Company does not know when or how much will be collected from the exercise of these options as this is dependent on both the determination of the holder and the market trading price of the Company's common shares. The Company does not have any long-term debt as of the date of this MD&A and its interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The loan payable has a fixed interest rate.

## **CASH FLOWS**

### **Operating**

Cash used in operating activities was \$385,569 for the three months ended October 31, 2023 compared to \$705,417 for the three months ended October 31, 2022. Cash used related to operating expenses for the three months ended October 31, 2023 was \$627,655 as generally discussed in the Results of Operations section of this report (three months ended October 31, 2022: \$838,078). Changes in working capital items provided \$242,086 during the three months ended October 31, 2023 (2022: \$132,661).

### **Financing**

Cash provided proceeds from a loan payable of \$43,000 in the three months ended October 31, 2023. There were no financing activities during the three months ended October 31, 2022.

### **Investing**

Cash provided by investing activities during the three months ended October 31, 2023 was \$485,765 compared to \$729,359 provided by investing activities for the three months ended October 31, 2022. The purchase of investments at fair market value through profit and loss used nil (three months ended October 31, 2022 - \$305,000) with the Company investing in securities during the period. The Company acquired shares of certain public resource and other sector companies (see Related Party Disclosures section of this report). The Company sold some of these investments generating cash of \$485,765 during the three months ended October 31, 2023 (2022 - \$1,034,359).

## CAPITAL STRUCTURE

Number of:	As at October 31, 2023	As at December 11, 2023
Common Shares	128,275,979	128,275,979
Warrants	29,722,219	29,722,219
Options	4,900,000	4,900,000

## FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at October 31, 2023:

	Financial instrument classification	Carry amount	Estimated Fair value
<b>As at October 31, 2023</b>			
Cash	Amortized cost	\$ 178,280	\$ 178,280
Investments	FVPL	2,299,363	2,299,363
Loan receivable	Amortized cost	335,000	335,000
Amounts receivable and other	Amortized cost	27,783	27,783
Accounts payable and accrued liabilities	Amortized cost	904,298	904,298
Loan payable	Amortized cost	136,996	136,996
<b>As at July 31, 2023</b>			
Cash	Amortized cost	\$ 35,084	\$ 35,084
Investments	FVPL	3,319,363	3,319,363
Amounts receivable and other	Amortized cost	23,929	23,929
Accounts payable and accrued liabilities	Amortized cost	673,285	673,285
Loan payable	Amortized cost	90,976	90,976

### *Fair value hierarchy*

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at October 31, 2023.

	Level 1	Level 2	Level 3	TOTAL
<b>As at October 31, 2023</b>				
Investments	\$ 64,235	\$ 13,186	\$ 2,221,942	\$ 2,299,363
<b>As at July 31, 2023</b>				
Investments	1,168,375	40,215	2,110,773	3,319,363

The carrying value of cash and cash equivalents, amounts receivable and other, accounts payable and accrued liabilities and loan payable reflected in the statements of financial position approximate fair value because of the relatively short-term maturities.

#### Level 2 Hierarchy

During the three months ended October 31, 2023, public investments of nil (year ended July 31, 2023 – nil) were acquired nil (year ended July 31, 2023 - \$(317,920)) were expired and nil (year ended July 31, 2023 - \$40,553) were transferred to level 1.

Investments, fair value	Three months	
	ended October 31, 2023	Year ended July 31, 2023
Balance, beginning of year	\$ 40,215	\$ 1,426,620
Transferred to Level 1	-	(40,553)
Expired at cost - warrants	-	(317,920)
Unrealized and realized (loss) gain, net	(27,029)	(1,027,932)
Balance, end of year	\$ 13,186	\$ 40,215

#### Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at October 31, 2023 and July 31, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain are recognized in the statements of operations.

Investments, fair value	Three months	
	ended October 31, 2023	Year ended July 31, 2023
Balance, beginning of year	\$ 2,110,773	\$ 2,055,727
Foreign exchange	111,169	56,546
Disposals	-	(1,500)
Balance, end of year	\$ 2,221,942	\$ 2,110,773

Included in unrealized and realized gain for the three months ended October 31, 2023, the total gain that is attributable to change in realized and unrealized gain relating to those assets and liabilities held at October 31, 2023 was nil (year ended July 31, 2023 - nil).

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as October 31, 2023:

<i>Description</i>	<i>Fair Value</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs(s)</i>	<i>Range of significant unobservable inputs</i>
Brazil Potash Corp.	\$ 2,221,942	Recent financing	Marketability of shares	0% discount

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

#### Brazil Potash Corp. ("BPC")

The valuation was based on BPC's most recent financing of US\$4.00 per share. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at October 31, 2023. As at October 31, 2023, a +/- 10% change in the fair value of Brazil Potash Corp. will result in a corresponding +/- \$222,194 change in income.

#### *Foreign currency risk*

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments, which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

#### *Credit risk*

The Company's credit risk is primarily attributable to cash and cash equivalents, and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents are held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from dividend income and proceeds from the disposition of its investments, in addition to interest income and advisory fees. The Company believes that it has sufficient marketable securities that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All of the Company's liabilities and obligations are due within one year.

As at October 31, 2023, the Company had net working capital of \$1,878,158, which included cash of \$178,280, investments of \$2,299,363, loan receivable of \$335,000 and amounts receivable and prepaid expenses of \$106,809 offset by current liabilities of \$1,041,294. The Company expects to rely on its existing net working capital to finance its ongoing planned activities. See Non-IFRS Measures.

#### *Price risk*

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant

fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

*Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio that is not singularly exposed to any one issuer, with exception to the Company having one position as at October 31, 2023 that made up of approximately 76% of the total assets (July 31, 2023 - two positions that made up of approximately 64%, and 30% respectively of the total assets).

For the three months ended October 31, 2023, a 10% (decrease) in the closing price of this concentrated position would result in an estimated decrease in after-tax net income of \$0.2 million (July 31, 2023 - \$0.3 million).

For the three months ended October 31, 2023, a 10% (decrease) increase in the closing prices of its portfolio investments would result in an estimated increase (decrease) in after-tax net income (loss) of \$0.2 million (July 31, 2023 - \$0.3 million). This estimated impact on the statement of comprehensive income (loss) includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

**RELATED PARTY DISCLOSURES**

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

*Related party balances*

The Company shares office space, resources and certain services with other corporations. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the three months ended October 31, 2023, the Company was charged \$75,000, for these services (2022: \$75,000).

*Compensation of key management personnel of the Company*

The remuneration of directors and other members of key management personnel were as follows:

	<b>Three months ended October 31,</b>	
	2023	2022
Management salaries and fees	\$ 103,941	\$ 133,941
Directors fees	-	18,750
	<b>\$ 103,941</b>	<b>\$ 152,691</b>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

As at October 31, 2023, the Company had \$27,120 (July 31, 2023 - \$6,780) owing to its current key management. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment or “due on demand”

As at October 31, 2023, the Company holds investments in certain public resource and other sector companies that are related party entities, related by virtue of the relationship with common directors and officers.

		Security Description	Cost	Estimated Fair Value
Toubani Resources, Inc.	i.	667 common shares	359	85
EV Technology Group Ltd.	ii.	329,818 common shares	325,018	3,298
Brazil Potash Corporation	iii.	400,465 common shares	1,106,732	2,221,942
Consolidated Lithium Metals Inc.	iv.	55,000 common shares	2,157	2,750
Q-Gold Resources Ltd.	v.	3,500,000 common shares	512,500	52,500
Medivolve Inc.	vi.	1,648,063 warrants	820,304	4,615
Silo Wellness Inc.	vii.	98,750 common shares	403,779	987
			\$ 3,170,849	\$ 2,286,178

- i. The Company's former executive chairman, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy, are a former directors and former officer of this company.
- ii. The Company's former director Pierre Pettigrew and CFO, Ryan Ptolemy serve as a former director and an officer of this company.
- iii. The Company's former executive chairman, Stan Bharti, former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy serves as executive chairman, director and CFO of this company.
- iv. The Company's CFO, Ryan Ptolemy, serves as CFO of the company.
- v. The Company's former CFO, Deborah Battiston and CFO, Ryan Ptolemy, served as former CFO of the company.
- vi. The Company's former director, Wen Ye, serves as a director of the company.
- vii. The Company's former CFO, Deborah Battiston, and CFO, Ryan Ptolemy served as former CFOs of this company

## COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$623,130 (as at July 31, 2023 - \$623,630) and additional contingent payments of approximately \$2,583,441 (as at July 31, 2023 - \$2,583,441) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is obligated to deliver common shares of the Company to the holders of RSUs granted under the terms of its RSU Plan. See Note 10 of the condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION AND CRITICAL ACCOUNTING ESTIMATES and CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company's financial statements are the responsibility of the Company's management. The annual consolidated financial statements were prepared by the Company's management in accordance with IFRS. A description of the Company's significant accounting policies can be found in the notes of the Company's audited annual consolidated financial statements for the year ended July 31, 2023 with any new policies outlined in the condensed interim consolidated financial statements for the period ended October 31, 2023.

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Fair value of investment in securities not quoted in an active market or private company investments - Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to notes 5 and 15 of the condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 for further details.

Fair value of financial derivatives - Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value. Refer to notes 5 and 15 of the condensed interim consolidated financial statements for the three months ended October 31, 2023 and 2022 for further details.

Impairment of financial assets at amortized cost and determining expected credit losses - The Company recognizes a loss allowance for expected credit losses on amounts receivable and loans receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognizes lifetime ECLs for amounts receivable and loans receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include amounts receivable and loans receivables.

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

differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-Based Payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- Determination of Significant Influence of Investment in Associates - As at October 31, 2023, the Company has classified its investment in Q-Gold Resources Ltd. ("Q-Gold") as a financial asset based on management's judgment that it does not consider its ownership of 11% of the outstanding shares of Q-Gold as an investment where the Company has significant influence.
- Valuation of refundable mining duties credit and the refundable tax credit for resources - The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.
- Contingencies - See note 17 of the condensed interim consolidated financial statements for details

## **DISCLOSURE CONTROLS AND PROCEDURES**

Subject to the limitations, if any, described below, the Company's CEO and CFO have, as at the end of the three months ended October 31, 2023, designed Disclosure and Control Procedures, ("DC&P") or caused it to be designed under their supervision, to provide reasonable assurance that:

- Material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
- Information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation;

Internal control over financial reporting has been designed, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

There have been no significant changes to the Company’s disclosure controls and procedures and internal controls over financial reporting that occurred during the three months ended October 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company’s disclosure controls and procedures and internal control over financial reporting.

Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of our internal control over financial reporting using the framework designed as described above and based on this evaluation, the CEO and CFO have concluded that internal control over financial reporting was effective as of October 31, 2023.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The CEO and CFO have certified that Internal Controls over Financial Reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Audit Committee of the Company has reviewed this MD&A, and the condensed interim consolidated financial statements for the three months ended October 31, 2023, and the Company’s board of directors approved these documents prior to their release.

## **NON-IFRS MEASURES**

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS they may not be directly comparable with other companies’ adjusted measures. The Non-IFRS measures are not intended to be a substitute for, or superior to, any measures of performance but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance. These measures are explained further below:

### *Working capital*

This MD&A refers to working capital, which is not a recognized measure under IFRS. This Non-IFRS performance measure does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. Management uses this measure internally. The use of this measure enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company’s performance assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The definition for working capital and reconciliation of the Non-IFRS measure to reported IFRS measures is as follows:

As at:	October 31, 2023	July 31, 2023
Cash	\$ 178,280	\$ 35,084
Investments, at fair market value through profit and loss	2,299,363	3,319,363
Loan receivable	335,000	-
Amounts receivable and other	27,783	23,929
Prepaid	79,026	92,954
	2,919,452	3,471,330
Current Liabilities		
Accounts payable and accrued liabilities	904,298	673,285
Loan payable	136,996	90,976
	1,041,294	764,261
<b>Working Capital (current assets less current liabilities)</b>	<b>\$ 1,878,158</b>	<b>\$ 2,707,069</b>

## CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain the future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

## RISK AND UNCERTAINTIES

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include dependence on key individuals. The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, exploration and development of mining projects. These risks could materially affect the Company's future operating results and could cause actual events to differ materially from those described herein and in forward-looking statements and forward-looking information relating to the Company. The risks of the Company are also described in the Company's AIF, which can be found under the Company's profile at [www.sedar.com](http://www.sedar.com).

### *No Revenues*

To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that the Company has sufficient capital resources to continue as a going concern, that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's expenses and capital expenditures will increase as consultants, personnel associated with the exploration, and possible development are advanced. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's property will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

### *Current Global Financial Conditions*

Financial markets globally have been subject to increased volatility. Access to financing for the Company has been negatively affected by low precious metals prices, uncertain economic conditions and uncertainty

with respect to sovereign defaults and liquidity throughout the world. These factors may negatively affect the ability of the Company to obtain financing in the future and, if obtained, on terms favourable to the Company. If these levels of volatility and market turmoil continue or worsen, the Company may not be able to secure appropriate debt or equity financing when needed, which could affect the trading price of the Company's securities in an adverse manner.

#### *Investment Exposure*

Given the nature of SMC's activities and recent investments made by the Company to deploy its capital in the short term, the results of operations and financial condition of the Company are dependent upon the market value of the securities purchased. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect the resource and other sectors. Various factors affecting the resource and other sectors could have a negative impact on the Company's investments and thereby have an adverse effect on its business. Additionally, the Company's investments are mostly in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. Junior exploration companies may never achieve commercial discoveries and production. Company-specific and industry-specific risks that materially adversely affect the Company's investments may have a materially adverse impact on operating results.

#### *Nature of Mining, Mineral Exploration and Development Projects*

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration and development, including environmental hazards, explosions, and unusual or unexpected geological formations or pressures. Such risks could result in damage to, or destruction of, mineral properties, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

#### *No Mineral Resources or Mineral Reserves have been estimated at East Sullivan, Salt Cay, Otish or Orange Creek*

The East Sullivan, Salt Cay, Otish, and Orange Creek Properties are in the exploration stage and sufficient work has not been done to describe mineralization on the property with enough geological confidence for such mineralization to be reported as a mineral resource or mineral reserve. There is no assurance given by the Company that continuing work on the property will lead to defining the mineralization with enough confidence and in sufficient quantities to report it as a mineral resource or mineral reserve, or to economically extract it.

#### *Mineral Resource Estimates May be Inaccurate*

There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

### *Unknown Environmental Risks for Past Activities*

Exploration and mining operations incur risks of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks, however, such risks have not been eliminated, and significant risk of environmental contamination from present and past exploration or mining activities still exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the East Sullivan Property or for the Troilus project do not exist.

### *Liquidity Concerns and Future Financings*

The Company will require capital and operating expenditures in connection with the exploration and development of its properties and for working capital purposes. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. The only sources of future funds presently available to the Company are the sale of equity capital, the sale of securities held, or the offering by the Company of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Company to reduce, delay or terminate its proposed operations, with the possible loss of such operations.

Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on acceptable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, delay or forfeit rights to certain acquisitions, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

### *Share Price Fluctuations*

The market price of securities of many companies, particularly junior exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. As well, the Company has invested in a small number of junior companies. Fluctuation in the share prices of these companies may significantly affect the valuations of the Company's assets.

### *Foreign Exchange*

Mineral commodities and acquisition opportunities are typically sold in U.S. dollars. The Company has also invested in foreign investments, including its previous investment in associate. The Company's operations are in Canada. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar.

### *Country Risk*

The Company's various investments in foreign countries are subject to risks normally associated with the conduct of business in those foreign countries. These risks and uncertainties include, but are not limited to, currency exchange rates; price controls; import or export controls; currency remittance; high rates of inflation; labour unrest; renegotiation or nullification of existing permits, applications and contracts; tax disputes; changes in tax policies; restrictions on foreign exchange; changing political conditions; community relations; currency controls; and governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitudes in foreign countries may adversely affect the operations of various investments and affect the Company's investment.

### *Insufficient Insurance Coverage*

The Company's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of: the Company's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive regulatory approvals to transport their products, or costs, monetary losses and potential legal liability and adverse governmental action. The Company may be subject to liability or sustain loss for certain risks and hazards against which they do not or cannot insure or which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to the Company.

### *Competition*

The Company competes with many other mining companies that have substantially greater resources. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Company's operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operations and business.

### *Dependence on Outside Parties*

The Company has relied and will rely upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. Substantial expenditures are required to pursue acquisition opportunities and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

### *Conflicts of Interest*

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other mining companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

### *Income and other taxes*

The Company is subject to income and other taxes in Canada. Significant judgment is required in determining the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. As of the date of the statement of financial position, no liability in respect of pending tax issues has been recognized in the financial statements.

### **OFF BALANCE SHEET ITEMS**

The Company does not have any off-balance sheet terms.

## **ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE**

Additional information on the Company is available through regular filings of press releases on SEDAR ([www.sedar.com](http://www.sedar.com)), or by visiting the Company's website at [www.sulliden.com](http://www.sulliden.com).

## **FORWARD-LOOKING INFORMATION AND CAUTIONARY STATEMENTS**

Except for statements of historical fact relating to the Company certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to future economic estimates, including mineral resource estimates; acquisition opportunities of the Company; currency exchange rates; merits of litigation; ability to receive repayment on loans; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes; other risks of the mining industry and other risks described herein. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward- looking information.

All forward-looking statements made in this MD&A are qualified by these cautionary statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities law.

## **LIST OF OFFICERS AND DIRECTORS**

Rennie Morkel	Chief Executive Officer and director
Ryan Ptolemy	Chief Financial Officer
William Connell Steers	Director
William Clarke	Director
Grant Sboros	Director
Peter Hooper	Director