

*A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authority in the province of British Columbia, and this preliminary prospectus has been filed with the securities regulatory authority in the province of Ontario, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus and preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This amended and restated prospectus and preliminary prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. This amended and restated prospectus and preliminary prospectus does not constitute a public offering of securities.*



**AMENDED AND RESTATED PRELIMINARY PROSPECTUS,  
AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS  
DATED MAY 10, 2022, FOR THE PROVINCE OF BRITISH COLUMBIA  
  
PRELIMINARY PROSPECTUS FOR THE PROVINCE OF ONTARIO**

New Issue

July 21, 2022

**SILVER47 EXPLORATION CORP.**

**3,998,667 Common Shares and 3,998,667 Common Share Purchase Warrants on automatic exercise of  
3,998,667 Special Warrants  
and  
1,219,600 Common Shares on automatic exercise of 1,219,600 Flow-Through Special Warrants**

This long-form prospectus (the “**Prospectus**”) is being filed with the securities regulatory authorities in British Columbia and Ontario by Silver47 Exploration Corp. (the “**Company**” or “**Silver47**”) to qualify the distribution of securities underlying 3,998,667 units of the Company (the “**Units**”) issuable for no additional consideration upon the automatic exercise of 3,998,667 special warrants (the “**Special Warrants**”). The Special Warrants were issued in two tranches, with 2,522,334 Special Warrants issued on April 14, 2022 (the “**First Tranche**”) and 1,476,333 Special Warrants issued on May 31, 2022 (the “**Second Tranche**”) at a price of \$0.75 per Special Warrant to purchasers in British Columbia and Ontario (in addition to purchasers resident in jurisdictions outside of Canada) on a private placement basis pursuant to prospectus exemptions under applicable securities legislation.

This Prospectus also qualifies the distribution the securities underlying 1,219,600 flow-through special warrants (the “**Flow-Through Special Warrants**”). The Flow-Through Special Warrants were issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada) on June 28, 2022, at a price of \$0.82 per Flow-Through Special Warrant to a purchaser in Canada on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the “**Flow-Through Tranche**”).

The Special Warrants were issued pursuant to the terms of the special warrant certificates (the “**Special Warrant Certificates**”) representing such Special Warrants. Subject to the terms and conditions of the Special Warrant Certificates, each Special Warrant entitles the holder to receive, immediately upon the completion of the Liquidity Event (as defined herein), one Unit, without payment of additional consideration. Each Unit consists of one common share in the authorized share structure of the Company (each a “**Common Share**”, and in respect of a Common Share

underlying a Unit, an **“Special Warrant Share”**) and one Common Share purchase warrant (an **“Underlying Warrant”**).

The Underlying Warrants will be governed by the terms of the warrant certificates (the **“Underlying Warrant Certificates”**) to be issued by the Company to the holders thereof upon conversion of the Special Warrants. Each Underlying Warrant will entitle the holder thereof to acquire one additional Common Share (a **“Warrant Share”**) at a price of \$1.00 per Warrant Share until the date that is 24 months after issuance of the Underlying Warrants.

The Flow-Through Special Warrants were issued pursuant to the terms of the flow-through special warrant certificates (the **“Flow-Through Special Warrant Certificates”**) representing such Flow-Through Special Warrants. Subject to the terms and conditions of the Flow-Through Special Warrant Certificates, each Flow-Through Special Warrant entitles the holder to receive, immediately upon the completion of the Liquidity Event, one Common Share (a **“Flow-Through Special Warrant Share”**), without payment of additional consideration.

**The Special Warrants and the Flow-Through Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Special Warrant Shares, Underlying Warrants and Flow-Through Special Warrant Shares upon the automatic exercise of the Special Warrants.**

**An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing this Prospectus, you should carefully consider the matters described under the heading “Risk Factors”.**

**There is currently no market through which the securities of the Company may be sold and purchasers may not be able to resell the securities qualified under this Prospectus. This may affect the pricing of the Company’s securities in the secondary markets, the transparency and availability of trading prices, the liquidity of the Company’s securities and the extent of issuer regulations. See “Risk Factors” for additional information.**

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

An application has been filed by the Company to have the Common Shares in the capital of the Company listed for trading on the Canadian Securities Exchange (the **“CSE”**) under the symbol **“AGA”**. Listing on the CSE (the **“Listing”**) is subject to the Company fulfilling all of the listing requirements of the CSE and meeting all minimum requirements. The CSE has not conditionally approved the Company’s listing application and there is no assurance that it will do so.

David Netherway, a director of the Company, resides outside of Canada and has appointed DLA Piper (Canada) LLP at Suite 2800, Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7 as agent for service of process in Canada. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

**No underwriter or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.**

**Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Company’s securities.**

**Prospective investors should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide you with different information. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company’s business, financial condition, results of operations and prospects may have changed since that date.**

The Company's registered and records office is located at 2800 Park Place, 666 Burrard Street, Vancouver, BC, Canada.  
The Company's head office is located at Suite 551 - 409 Granville Street, Vancouver, BC, Canada.

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## GLOSSARY

In addition to terms defined elsewhere herein, unless the context indicates otherwise, when used in this Prospectus, the following terms have the respective meaning as specified below:

“**Acme**” means Acme Analytical Laboratories Ltd;

“**AES**” means atomic emission spectroscopy;

“**Ag**” means silver;

“**allowable capital loss**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**ALS**” means ALS Limited;

“**Amalgamation**” means the amalgamation of Original Silver47 and Gastown Acquisitions pursuant to the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement dated March 11, 2021, between Original Silver47 and Gastown Acquisitions;

“**Archer Cathro**” means Archer, Cathro & Associates (1981) Limited;

“**Audit Committee**” means the Company’s audit committee;

“**Auditors**” means the Company’s independent auditors, MNP LLP;

“**Author**” means Jean Pautler, P. Geo., the author of the Technical Report;

“**BC**” means British Columbia;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Board**” or “**Board of Directors**” means the board of directors of the Company as may be constituted from time to time;

“**Broker Warrants**” means the 85,200 Original Silver47 Warrants exercisable at a price of \$0.50 for a period of 36 months issued as partial consideration for a finder’s fee incurred in connection with the July 8, 2021 non-brokered private placement.

“**BV**” means Bureau Veritas Mineral Laboratories;

“**°C**” means degree Celsius;

“**Canadian Holder**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**CDB**” has the meaning given to it in “*Material Property - Property Geology*”;

“**CDB1**” has the meaning given to it in “*Material Property - Property Geology*”;

“**CDB2**” has the meaning given to it in “*Material Property - Property Geology*”;

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**cm**” means centimetres;

“**Common Shares**” means the common shares in the capital of the Resulting Issuer;

“**Company**” or “**Silver47**” means, in respect to the period prior to the Amalgamation, Original Silver47 and, in respect to the period following the Amalgamation, the Resulting Issuer, as the context may require;

“**Conditional Approval**” means conditional approval of the Listing issued by the CSE;

“**CRA**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**CRD**” means coarse reject duplicate;

“**CRM**” means Certified Reference Materials;

“**CSE**” or the “**Exchange**” means the Canadian Securities Exchange;

“**D&O Insurance**” means director and officer insurance;

“**Dynasty**” means Dynasty Exploration Limited;

“**Escrow Agent**” means Odyssey Trust Company;

“**Escrow Agreement**” means the escrow agreement to be entered into among the Company, the Principals and the Escrow Agent relating to the Escrowed Securities;

“**Escrowed Securities**” has the meaning given to it in *Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*

“**Financial Statements**” means the audited financial statements of the Company for the period from January 29, 2021, until July 31, 2021, and the condensed interim financial statements of the company for the three and nine months ended April 30, 2022, attached hereto as Schedule A;

“**First Tranche**” has the meaning given to it on the face page of this Prospectus;

“**Flow-Through Special Warrant**” has the meaning given to it on the face page of this Prospectus;

“**Flow-Through Special Warrant Certificates**” has the meaning given to it on the face page of this Prospectus;

“**Flow-Through Special Warrant Share**” has the meaning given to it on the face page of this Prospectus;

“**Flow-Through Tranche**” has the meaning given to it on the face page of this Prospectus;

“**Form 51-102F6V**” means Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*;

“**Holder**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**Gastown Acquisitions**” means Gastown Acquisitions 2.0 Corp.;

“**Gastown Shares**” means the common shares in the capital of Gastown Acquisitions;

“**Gastown Shareholder**” means the registered owners of Gastown Shares;

“**GSC**” means Geological Survey of Canada;

“**g/t**” means Grams per tonne;

“**ICP**” means inductively coupled plasma;

“**IFRS**” means International Financial Reporting Standards;

“**IMA Zone III**” means Integrated Management Area, Zone III

“**Incorporation**” means the incorporation of Silver47 on January 29, 2021;

“**ka**” means Thousand calendar-years ago;

“**km**” means kilometres;

“**Listing**” means the proposed listing of the Common Shares on the CSE;

“**Listing Date**” means the date on which the Common Shares of the Company are listed for trading on the CSE;

“**Liquidity Event**” means the earlier of four (4) months and a day from the date the distribution of Special Warrants or Flow-Through Special Warrants, as applicable, occurred, or the completion by the Company of all of the items listed below:

- a) filing a prospectus in Canada; (ii) becoming a reporting issuer in the Province of British Columbia and taking all necessary steps and proceedings (including, if necessary, the clearing with applicable securities regulatory authorities of a (final) prospectus); and (iii) obtaining conditional approval of listing or quotation of the Common Shares on a recognized stock exchange or quotation system in Canada; or
- b) a transaction which provides holders of the Special Warrants with comparable liquidity that such holders would have received if the final prospectus was filed and receipted, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a public company or such other transaction; and (ii) obtaining a conditional approval of listing or quotation of the Common Shares on a recognized stock exchange or quotation system in Canada.

“**LMU**” means land management unit;

“**m**” means metres;

“**Ma**” means Million calendar-years ago;

“**MD&A**” means management’s discussion and analysis of financial condition and operation results;

“**mm**” means millimetres;

“**MS**” means mass spectroscopy;

“**MTO**” means Mineral Titles Online;

“**MVT**” means Mississippi Valley Type;

“**Named Executive Officers**” or “**NEOs**” means the named executive officers of the Company as at the end of the Company’s most recently completed financial year, being Gary R. Thompson and Kevin Chen;

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NI 58-101**” means National Policy 58-101 – *Disclosure of Corporate Governance Practices*;

“**Non-Canadian Holder**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*;

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*;

“**NSR Royalty**” means net smelter return royalty;

“**Offering**” means, collectively, the First Tranche, the Second Tranche and the Flow-Through Tranche;

“**Options**” means the incentive stock options of the Company granted under the Share Compensation Plan;

“**Option Holder**” means a holder of Options;

“**Original Silver47**” means Silver47 Exploration Corp., as it existed prior to the Amalgamation;

“**Original Silver47 Share**” means the common shares in the capital of Original Silver47;

“**Original Silver47 Shareholder**” means the registered owners of Original Silver47 Shares;

“**Original Silver47 Warrant**” means a warrant to purchase Original Silver47 Shares;

“**Pb**” means lead;

“**Plan**” means the Peel Watershed Regional Land Use Plan;

“**ppb**” means part per billion;

“**ppm**” means part per million;

“**Principals**” means, collectively, XT88 Holdings Inc., Gary R Thompson and Brenda Thompson;

“**Property**”, “**Project**” or “**Michelle Project**” means the Michelle Project, located in central Yukon, Canada, comprised of 782 Yukon quartz mining claims which cover an area of 159 km<sup>2</sup> (15,900 ha);

“**Proposed Amendments**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**Prospectus**” means this preliminary long-form prospectus of the Company dated July 21, 2022;

“**Purchase Agreement**” means the amended and restated asset purchase agreement entered into between Silver47 and Silver Range dated November 2, 2021.

“**QAQC**” means quality assurance and quality control;

“**QC**” means quality control;

“**Qualified Person**” has the meaning given to it in NI 43-101;

“**Recommended Exploration Program**” means the recommended exploration program as described in “*Material Property - Recommendations - Budget*”;

“**Resulting Issuer**” means Silver47 Exploration Corp., as it exists following the Amalgamation;

“**Royalty**” has the meaning given to it below under “*Description of the Business – History of the Company – Purchase Agreement*”;

“**RSUs**” means restricted share units of the Company granted under the Share Compensation Plan;

“**Second Tranche**” has the meaning given to it on the face page of this Prospectus;

“**Share Compensation Plan**” means the Company’s stock option plan adopted on September 30, 2021, by the Board, and providing for the granting of Options and RSUs to the Company’s directors, officers, employees and consultants in accordance with the rules and policies of the Exchange;

“**Silver Range**” means Silver Range Resources Ltd.;

“**Special Warrants**” has the meaning given to it on the face page of this Prospectus;

“**Special Warrant Share**” has the meaning given to it on the face page of this Prospectus;

“**Strategic Metals**” means Strategic Metals Ltd.;

“**t**” means metric tonne or tonnes;

“**Tax Act**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**Tax Regulations**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**taxable capital gain**” has the meaning given to in “*Certain Canadian Federal Income Tax Considerations*”;

“**Technical Report**” means the report on the Property entitled “Technical Report on the Michelle Project Yukon, Canada” with an effective date of March 18, 2022;

“**Underhill**” means Underhill Geomatics Ltd.;

“**Underlying Warrant**” has the meaning given to it on the face page of this Prospectus;

“**Unit**” has the meaning given to it on the face page of this Prospectus;

“**VP Exploration**” means Vice President of Exploration;

“**WA**” means wilderness activity;

“**Warrants**” means Common Share purchase warrants;

“**Warrant Shares**” has the meaning given to it on the face page of this Prospectus;

“**XRF**” means X-ray fluorescence;

“**XT88**” means XT88 Holdings Inc.;

“**YGS**” means Yukon Geological Survey;

“**YT**” means Yukon;

“**Zinccorp**” means Zinccorp Resources Inc.; and

“**Zn**” means zinc.

## GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise “we”, “us”, “our” or the “Company” refer to Silver47 Exploration Corp.

The Company is not offering to sell securities under this Prospectus. Readers should rely only on the information contained in this Prospectus. The Company has not authorized any other person to provide you with additional or different information. If anyone provides you with additional or different or inconsistent information, including information or statements in media articles about the Company, you should not rely on it. You should assume that the information appearing in this Prospectus is accurate only as at its date. The Company’s business, financial conditions, results of operations and prospects may have changed since that date.

The Company presents its financial statements in Canadian dollars. Amounts in this Prospectus are stated in Canadian dollars unless otherwise indicated.

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, “**forward-looking statements**”), which reflect management’s expectations regarding the Company’s future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as “predicts”, “projects”, “targets”, “plans”, “expects”, “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the Conditional Approval and the Listing, including the receipt, in a timely manner, of regulatory and other required approvals;
- the receipt of Conditional Approval and the subsequent Listing of the Common Shares on the CSE, including the Company fulfilling all applicable listing requirements;
- the Escrow Agreement, and the escrow of the Escrowed Securities (as such terms are defined herein);
- the Company’s goals regarding development of its projects, and regarding raising capital and conducting further exploration and developments of its properties, including the Property;
- the use of available funds;
- the Company’s future business plans, business objectives and milestones;
- the Company’s business plans focused on the exploration and development of the Property;
- the proposed work program on the Property;
- costs, timing and completion of future exploration and development activities including the Recommended Exploration Program;
- the Company’s negative cash flows;
- expectations generally regarding the ability to raise further capital for corporate purposes;
- adequacy of financial resources;

- expectations regarding any environmental issues that may affect planned or future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations;
- the ability to retain and/or maintain any require permits, licenses or other necessary approvals for the exploration or development of the Property and other mineral properties;
- the Company's compensation policy and practices;
- the Company's expected reliance on key management personnel, advisors and consultants; and
- plans regarding future composition of the Board.

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, the following:

- that the current COVID-19 pandemic will not have a material adverse effect;
- general business and economic conditions will not change in a material adverse manner;
- the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the geology of the Property as described in the Technical Report;
- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company's ability to attract and retain skilled personnel and directors;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms;
- obtaining required renewals for existing approvals, licenses and permits on favourable terms;
- requirements under applicable laws;
- sustained labour stability; stability in financial and capital goods markets; and
- availability of equipment.

While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. Many assumptions are based on factors and events that are not within the Company's control and there is no assurance they will prove to be correct.

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there

may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See “*Risk Factors*” for a discussion of certain factors investors should carefully consider before deciding to invest.

Readers are cautioned that the foregoing lists of important assumptions and risks, uncertainties and other factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this Prospectus and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

### **CURRENCY**

All dollar amounts in this Prospectus are expressed in Canadian dollars, except as otherwise indicated. References to “\$” or “dollars” are to Canadian dollars and references to “US\$” are to US dollars. The Company presents its financial statements in Canadian dollars.

### **THIRD PARTY AND TECHNICAL INFORMATION**

The Company considers the Property to be its only material mineral property for the purposes of NI 43-101. Information included in this prospectus with respect to this material asset has been prepared in accordance with NI 43-101.

Unless otherwise noted, the disclosure contained in this Prospectus of a scientific or technical nature for the Property is based on the technical report entitled “Technical Report on the Michelle Project Yukon, Canada” having an effective date of March 18, 2022, which Technical Report was prepared for the Company by Jean Pautler, P. Geo. (the “**Author**”) and filed under the Company’s SEDAR profile on [www.sedar.com](http://www.sedar.com).

The Author is “independent” and a “Qualified Person” under NI 43-101 and has reviewed and approved the scientific and technical disclosure contained in the Prospectus.

### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

David Netherway, a director of the Company, resides outside of Canada and has appointed DLA Piper (Canada) LLP at Suite 2800, Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7 as agent for service of process in Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES**

The Company presents its financial statements in Canadian dollars. The audited financial statements of the Company for the period from January 29, 2021, to July 31, 2021, and the condensed interim financial statements for the three and nine months ended April 30, 2022, have been prepared in accordance with IFRS. Certain financial information set out in this Prospectus is derived from such financial statements.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

**The Company:** Silver47 was incorporated under the *Business Corporations Act* (British Columbia) (the “BCBCA”) on January 29, 2021, as Silver47 Exploration Corp. The Company’s head office is located at Suite 551 - 409 Granville Street Vancouver, BC, Canada and its registered and records office is located at 2800 Park Place, 666 Burrard Street Vancouver, BC, Canada.

The Company is engaged in the business of mineral exploration with a focus on precious metals. The Company entered into a Purchase Agreement with Silver Range to acquire the Property in consideration for issuing Silver Range such number of Common Shares equal to 19.9% of the total number of issued and outstanding shares of the Company and granting Silver Range a 1% NSR Royalty for all mineral products extracted from any of the claims comprising the Property and all contiguous mining rights that in the future form part of the Property. The Purchase Agreement closed on November 17, 2021, after all conditions to closing were met.

The Company’s current objective is, upon closing of the Purchase Agreement, to further explore and, if warranted, develop the Property, an exploration stage property located in Yukon, Canada, that consists of 782 Yukon mining claims which cover an area of 159 km<sup>2</sup> (15,900 ha). Should the Property not be deemed viable, the Company shall explore other financially viable business opportunities. See “*Description of the Business*” and “*Material Property*”.

The Company is not a reporting issuer in any jurisdiction and no securities of the Company are listed or posted for trading on any stock exchange. An application has been filed by the Company to have the Common Shares in the capital of the Company listed for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “AGA”. Listing on the CSE (the “**Listing**”) is subject to the Company fulfilling all of the listing requirements of the CSE and meeting all minimum requirements. The CSE has not yet issued its Conditional Approval for the Listing and there is no assurance that it will do so.

See “*Corporate Structure*” and “*Description of the Business*”.

<b>Directors &amp; Executive Officers:</b>	Gary R. Thompson	President, Chief Executive Officer and Director
	Ryan Goodman	Director
	David Netherway	Director
	Kevin Chen	Chief Financial Officer

See “*Directors and Executive Officers*”.

**Available Funds:** The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus. The Company had working capital as at June 30, 2022 of \$5,014,250. Upon Listing, the principal purposes for the foregoing available funds will be as follows:

<b><u>Principal Purposes</u></b>	<b><u>Amount</u></b>
Estimated remaining expenses of the Listing (regulatory, filing, legal expenses, etc.)	\$150,000
Recommended Exploration Program expenditures on the Property <sup>(1)</sup>	\$220,000
Estimated general and administrative expenses for 12 months <sup>(2)</sup>	\$824,263

Unallocated working capital	\$3,819,987 <sup>(3)</sup>
<b>Total</b>	<b>\$5,014,250</b>

**Notes:**

- (1) See “*Material Property – Recommendations – Budget*”.
- (2) Estimated based on the following amounts: \$214,963 in consulting fees, \$150,000 in employment salaries, \$258,000 in management fees, \$48,000 in environmental social and community relation expenditures, \$25,000 in D&O insurance, \$33,000 in legal fees, \$33,700 in audit and tax fees, and \$61,600 in administrative fees.
- (3) The Company intends to use the unallocated funds, subject to the successful completion of the Recommended Exploration Program, to further explore the Property based on the work program to be developed by a qualified person and for the potential acquisition and exploration of additional claims that are proximate to the Property.

The available funds will be sufficient to achieve the Company’s objectives over the next 12 months. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management. Until the Company uses the unallocated funds, it will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities. The Company has had negative cash flow from operations since Incorporation. See “*Available Funds and Principal Purposes*” and “*Risk Factors*” for further detail.

**Offering:**

The Company has issued 3,998,667 Special Warrants at a price of \$0.75 per Special Warrant to various arms-length purchasers for gross proceeds of \$2,999,000.25. Each Special Warrant entitles the holder to receive one Unit upon the completion of the Liquidity Event. This Prospectus qualifies the distribution of the securities underlying the Units.

The Company has also issued 1,219,600 Flow-Through Special Warrants at a price of \$0.82 per Flow-Through Special Warrant to an arms-length purchaser for gross proceeds of \$1,000,072 on June 28, 2022.

**Risk Factors:**

An investment in the Company’s securities described herein should be considered highly speculative due to the nature of the Company’s business. An investment in the Company’s securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk a loss of their entire investment. Investors should consult with their professional advisors to assess an investment in the Company’s securities.

The following risk factors should be considered in connection with an investment in the Company: limited operating history, negative cash flows from operations, substantial capital requirements, the speculative nature of mineral exploration, dilution, acquisitions of additional mineral properties, commercial ore deposits, permits and government regulations, environmental risks, reliance on key individuals, key person insurance, uninsurable risks, mineral titles, loss of interest in properties, aboriginal title, fluctuating mineral prices, competition, management, public health crises, financing risks, resale of common shares, price volatility of publicly traded securities, risks relating to the Common Shares, shortages of critical parts, conflicts of interest, principal shareholders, claims and legal proceedings, local resident concerns, tax issues and dividends. For a detailed description of these and other risks, please see “*Risk Factors*”.

**Summary of Financial Information for the Company:**

The following table sets forth selected financial information of the Company for the periods or as at the dates indicated. This summary financial information should be read in conjunction with the “*Financial Statements for the Company*” attached to and forming part of this Prospectus as Schedule A and the “*Management Discussion and Analysis for the Company*” attached to and forming part of this Prospectus as Schedule B.

<b>For the period from January 29, 2021 to July 31, 2021 (audited) (\$)</b>	<b>The three and nine months ended April 30, 2022 (unaudited) (\$)</b>
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Total current assets	1,557,295	2,954,232
Total non-current assets	-	2,825,000
Total Assets	1,557,295	5,779,232
Current Liabilities	65,306	165,059
Total Liabilities	65,306	165,059
Deficit	465,478	1,907,306

## CORPORATE STRUCTURE

### **Name, Address and Incorporation**

Silver47 was incorporated on January 29, 2021 and continued as “Silver47 Exploration Corp.” under the BCBCA on July 29, 2021, upon closing of the Amalgamation. The Company’s head office is located at Suite 551 - 409 Granville Street Vancouver, BC, Canada and its registered and records office is located at 2800 Park Place, 666 Burrard Street Vancouver, B.C. V6C 2Z7.

### **Intercorporate Relationships**

Silver47 does not have any subsidiaries or other intercorporate relationships.

## DESCRIPTION OF THE BUSINESS

The principal business carried on and intended to be carried on by the Company is mineral exploration, focusing initially on the acquisition, exploration and development of the Property. The Company will continue to consider other opportunities to acquire and explore mining claims as they arise.

The Property is located in the Territory of Yukon and consists of 782 contiguous mineral claims which cover an area of 159 km<sup>2</sup> (15,900 ha). The claims comprising the Property were staked by Archer, Cathro & Associates (1981) Limited (“**Archer Cathro**”) in 2006. The Company has agreed to acquire the Property from Silver Range pursuant to the Purchase Agreement. The Company completed the Purchase Agreement on November 17, 2021, after all conditions to closing have been met. See “*Description of the Business – History of the Company – Purchase Agreement*” and “*Material Property*”.

### **Stated Business Objectives and Competitive Conditions**

The Property is in the exploration stage. The Company intends to use its available funds to carry out the Recommended Exploration Program for the Property, which is budgeted for \$220,000. See “*Material Property - Recommendations - Budget*” and “*Available Funds and Principal Purposes*”.

The Company competes with other entities in the search for and acquisition of mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have more advanced properties. There is no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be favourable to the Company. See “*Risk Factors*”.

The Company is not a reporting issuer in any jurisdiction and no securities of the Company are listed or posted for trading on any stock exchange. The Company has applied, concurrently with the filing of this Prospectus, to list the Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

### **Business Cycle**

The Company is an exploration and evaluation stage company, focused on mining. As a result, prices of mineral and other metals will have a direct impact on its business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project, and they can also impact the Company’s ability to raise capital. See “*Risk Factors*”.

### **Environmental Policies**

The Company will conduct its activities in accordance with high environmental standards, including compliance with environmental laws, policies and regulations.

## **History of the Company**

### ***Silver47***

The Company was incorporated under the BCBCA on January 29, 2021.

### ***Purchase Agreement***

On February 19, 2021, the Company entered into an asset purchase agreement with Silver Range that was subsequently amended on November 2, 2021, pursuant to which the Company agreed to acquire the Property in consideration for issuing Silver Range such number of Common Shares equal to 19.9% of the total number of issued and outstanding shares of Silver47 and granting Silver Range a 1% NSR with respect to all mineral products extracted from any of the claims comprising the Property and all contiguous mining rights that in the future form part of the Property (the “**Royalty**”). Under the terms of the Royalty, Silver47 shall receive a right of first refusal on any sale or other transfer of the Royalty by Silver Range. The Purchase Agreement closed on November 17, 2021, after all conditions to closing were met.

The Purchase Agreement also includes a milestone payment whereby the Company will pay to Silver Range \$1,000,000 in cash or shares upon a decision made by the board of directors of the Company to begin the development of a mine on the Property of at least 80 million ounces of silver.

The terms of the transaction were determined by arm’s length negotiation between the Company and Silver Range.

### ***Financings and Issuances of the Company’s Securities***

On June 1, 2021, the Company issued 2,500,000 Original Silver47 Shares to XT88 at a price of \$0.05 per Original Silver47 Share for an aggregate consideration of \$125,000, in consideration for various services performed by XT88 to the Company. The fair value for these Original Silver47 Shares was determined to be \$0.10 per share and, as a result, the Original Silver47 Shares were fair valued to \$0.10 and the Company recognized a share-based compensation of \$125,000.

On July 8, 2021, the Company closed a non-brokered private placement of units at a price of \$0.50 per unit to certain arm’s length investors for aggregate gross proceeds of \$1,420,000.00. Each unit consisted of one Original Silver47 Share and one Original Silver47 Warrant entitling the purchaser to subscriber for an additional Original Silver47 Share at a price of \$0.75 for a period of 36 months. The Company issued 85,200 Original Silver47 Warrants exercisable at a price of \$0.50 for a period of 36 months as partial consideration for a finder’s fee incurred in connection with this non-brokered private placement (the “**Broker Warrants**”).

In 2022, 3,998,667 Special Warrants were issued to certain subscribers at a price of \$0.75 per Special Warrant for aggregate gross proceeds of \$2,999,000.25 pursuant to a non-brokered private placement in two tranches. The First Tranche closed on April 14, 2022 and included issuance of 2,522,334 Special Warrants to subscribers. The Second Tranche closed on May 31, 2022 and included issuance of 1,476,333 Special Warrants to subscribers.

In connection with the First Tranche, certain finders were paid finders’ fees, which included (i) 78,330 Warrants, with an exercise price of \$1.00 per Warrant and expiry date of April 14, 2024 and (ii) \$58,747.50 in cash.

On June 28, 2022, 1,219,600 Flow-Through Special Warrants were issued to a certain subscriber at a price of \$0.82 per Flow-Through Special Warrant for aggregate gross proceeds of \$1,000,072 pursuant to a non-brokered private placement. In connection with the Flow-Through Tranche, a certain finder was paid a finder’s fee, which included (i) 85,372 Warrants, with an exercise price of \$1.00 per Warrant and an expiry date of June 28, 2024, and (ii) \$73,505.292 in cash.

### ***The Amalgamation***

On March 11, 2021, Silver47 entered into an amalgamation agreement with Gastown Acquisitions whereby Gastown Acquisitions and Silver47 amalgamated under the laws of British Columbia and continued on as the Resulting Issuer.

Upon closing of the Amalgamation Agreement, each Gastown Shareholder received one Common Share for each Gastown Share held by such Gastown Shareholder and each Original Silver47 Shareholder received one Common Share for each Original Silver47 Share held by such Original Silver47 Shareholder. As a result of the Amalgamation, each Original Silver47 Warrant was adjusted, as per the warrant certificate, to be exercisable for one Common Share at a price of \$0.75 per Warrant. The Broker Warrants were adjusted, as per the warrant certificate, to be exercisable for one Common Share at a price of \$0.50 per Warrant.

The Amalgamation closed on July 29, 2021, and Silver47 was continued under the BCBCA and the business of Original Silver47 became the business of the Company. The Company and its auditors concluded that Gastown Acquisitions did not meet the definition of a business for accounting purposes and, accordingly, the Amalgamation was accounted for as an asset acquisition.

### ***Current Financial Year***

The Company intends to advance the Listing before the end of the current calendar year.

## **MATERIAL PROPERTY**

### **The Property**

The information in this Prospectus with respect to the Property is derived from a NI 43-101 compliant report entitled “Technical Report on the Michelle Project Yukon Territory, Canada” having an effective date of March 18, 2022, which Technical Report was prepared for the Company by Jean Pautler, P. Geo. The Author is “independent” and a “Qualified Person” for the purposes of NI 43-101. The full text of the Technical Report may be accessed online, under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Location**

The Michelle Project is located 130 km north-northeast of Dawson City, Yukon Territory (Figure 1) at the confluence of NTS map sheets 116A/13, 116B/16 and 116H/04 (Figure 2). It is centered at latitude 64°58’N and longitude 137°44’W within the headwaters of Michelle Creek, a tributary of the Hart River, in central Yukon (Figures 1 and 2).

The Project is situated within, but proximal to the southwestern boundary of, the 67,431 km<sup>2</sup> Peel River watershed planning region, which is regulated by the Peel Watershed Regional Land Use Plan which is discussed under section 4.3, “Permits and Risk Factors”.

The locations of mineralized zones are shown Figure 4. The streams and topography of the property are displayed on Figure 2.

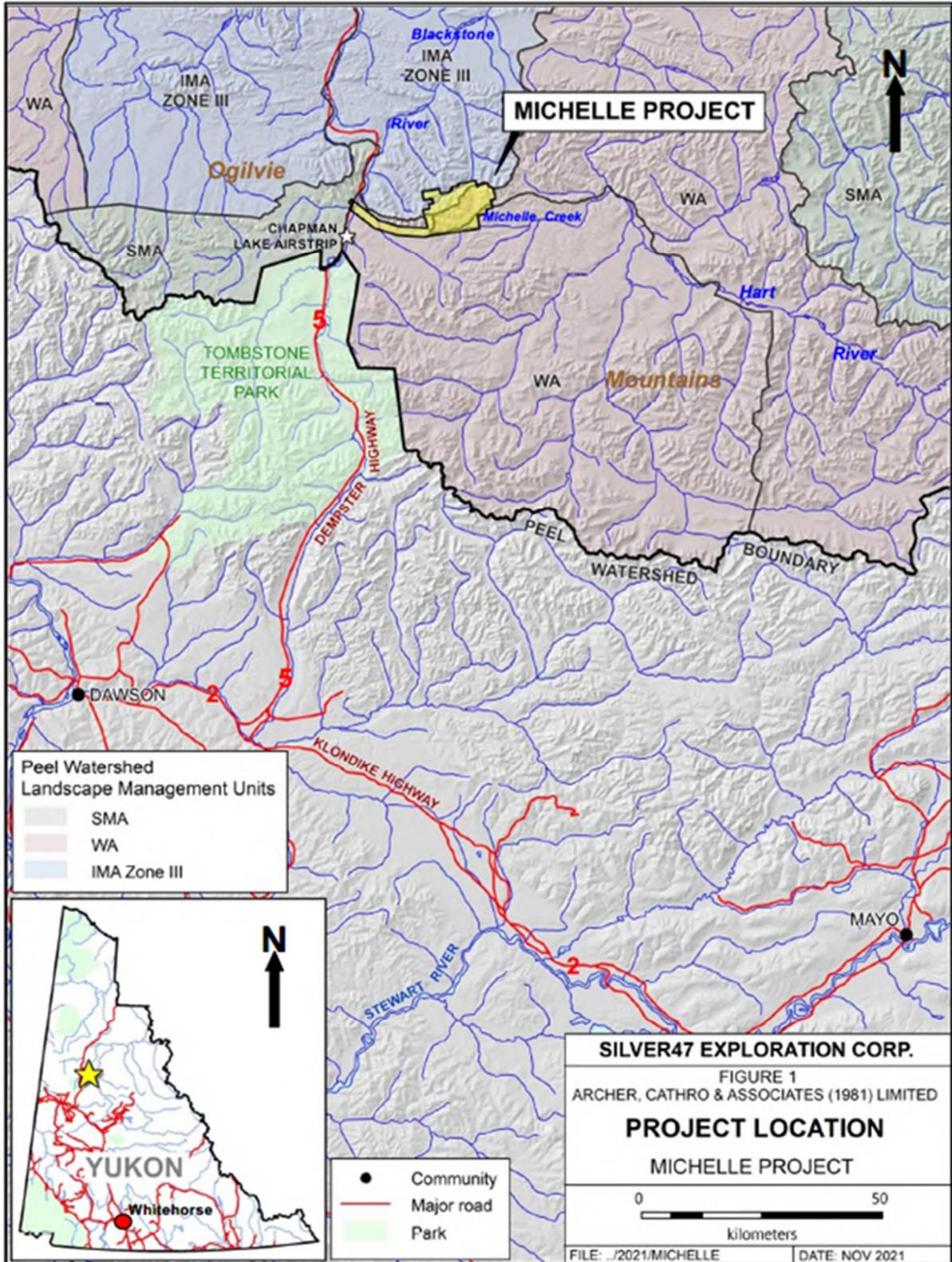


Figure 1: Project Location

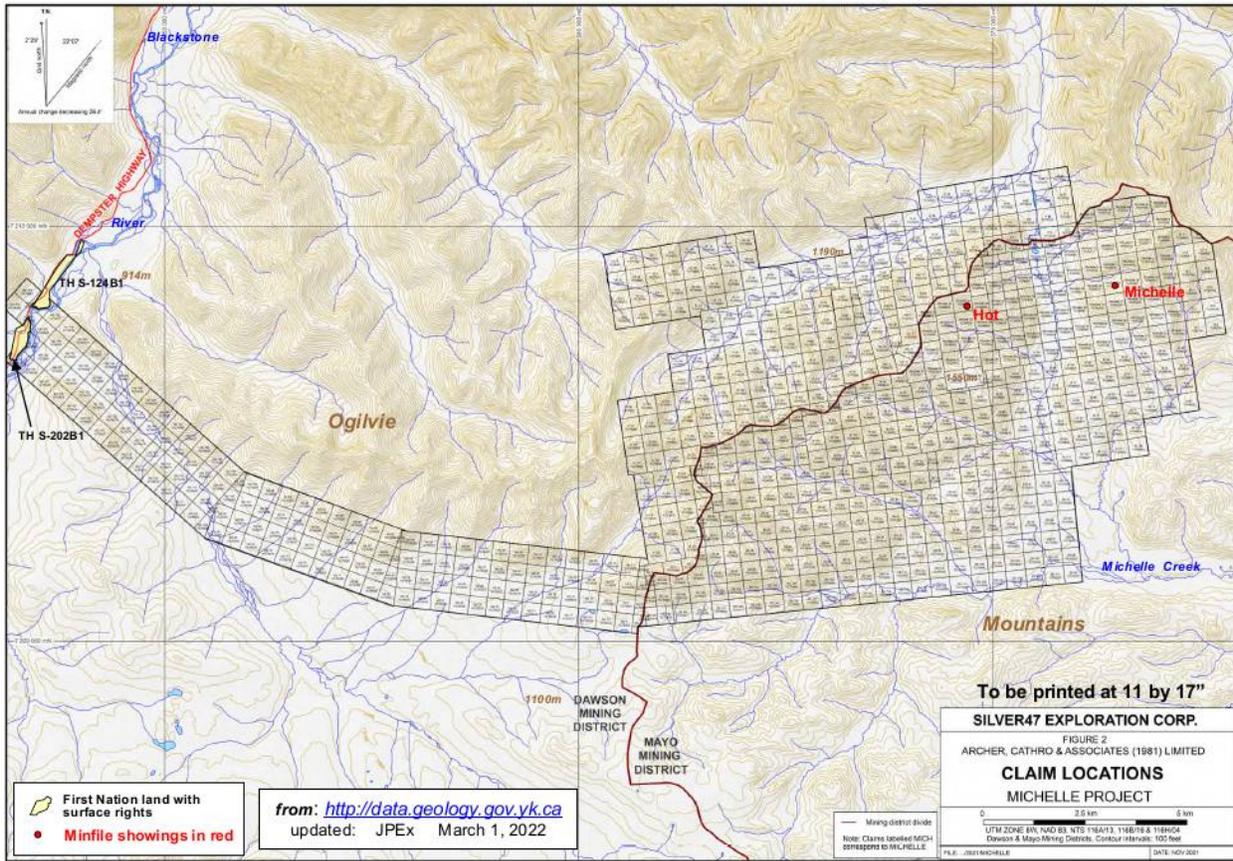


Figure 2: Claim Locations

**Land Tenure**

The Michelle Project consists of 782 contiguous Yukon Quartz Mining claims covering an area of approximately 15,900 hectares in the Dawson and Mayo Mining Districts (Figure 2). The area is approximate since claim boundaries have not been legally surveyed. The mineral claims were located by GPS and staked in accordance with the Yukon Quartz Mining Act on claim sheets 116A/13, 116B/16 and 116H/04, available for viewing in the Dawson and Mayo Mining Recorders’ Offices, respectively, since the boundary between the two bisects the property as shown in Figure 2. The claim locations shown on Figure 2 are derived from government claim maps.

The registered owner of the claims comprising the Project is Silver47 which owns 100% of the Project. A table summarizing pertinent claim data follows

**Table 1: Claim data summary**

District	Claim Name	Grant Number	No.	Expiry Date *
Mayo	Michelle 1-2	YC50208-YC50209	2	March 26, 2037
	Michelle 3- 90	YC566210-664, YC57212-241	88	March 26, 2036
	Michelle 91-96	YC68288-YC68293	6	March 26, 2034
	US 1-42	YC69663-YC69704	42	March 26, 2034
	M 1-12, 19-126	YC69793-804, 811-918	120	March 26, 2034
	ZN 1-148	YC70337-YC70484	148	Feb 26, 2036

Dawson	Hot 1-12	YC62420-430, 957	12	March 26, 2037
	Hot 13-22	YC63033-YC63042	10	March 26, 2037
	H 1-68, H 89-159	YC75530-597, 618-688	139	March 26, 2035
	H 69-88	YC75598-YC75617	20	March 26, 2037
	OT 1-30	YC76067-YC76096	30	March 26, 2035
	NS 1-165	YC76298-YC76462	165	March 5, 2036
	<b>TOTAL</b>		<b>782</b>	

\* based on acceptance of 2021 assessment report

All claims were purchased 100% by Silver47 from Silver Range for 5,650,000 common shares in the capital of Silver47 by an agreement dated February 19, 2021 and amended and restated November 2, 2021. The shares represented 19.9% of the issued shares capital of Silver47 at the time the sale closed. Silver Range retains a 1% Net Smelter Return royalty in all commercial production from the Michelle Project and all contiguous mining rights that in the future form part of the Michelle Project and will also be entitled to receive a one-time payment of \$1 million if a positive production decision is made on a resource of not less than 80 million ounces of silver as outlined in a feasibility study on the Project. (Refer to Silver Range Resources Ltd., 2021.)

The Project is located within the Traditional Territories of the Tr’ondëk Hwëch’in and Nacho Nyak Dun First Nations. The First Nations have concluded land claim agreements with Canada and Yukon with two small parcels of Tr’ondëk Hwëch’in First Nation Category B land (surface rights only) situated at the western margin of the Project (TH S-124B1 and TH S-202B1) (Figure 2). The parcels do not impact on the mineral potential of the Project, since no mineralization is known to occur, and no work will be conducted, on the parcels. The western corridor of claims was staked to cover access to the Project.

The land in which the Project is situated is Crown Land and the mineral claims fall under the jurisdiction of the Yukon Government. Surface rights would have to be obtained from the government if the property were to go into development.

A mineral claim holder is required to perform assessment work and is required to document this work to maintain the title as outlined in the Mining Land Use Regulations (MLUR) of the Yukon Quartz Mining Act. The amount of work required is equivalent to \$100.00 of assessment work per quartz claim unit per year. Alternatively, the claim holder may pay the equivalent amount per claim unit per year to the Yukon Government as “Cash in Lieu” to maintain title to the claims.

### Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Project is accessible by helicopter from Dawson City, approximately 130 km to the south-southwest (Figure 1). The Chapman Lake aerodrome, an uncontrolled, gravel, 3000’ (915m) by 75’ (23m) airstrip, is located 5.5 km south of the property at km 124 on the Dempster Highway (Figure 1). The airstrip is managed by the Yukon Department of Highways and Public Works and constitutes a suitable staging area for equipment, supplies and personnel to the Project. From Dawson City the paved Klondike Highway (Highway 2) is followed 40 km to the east to the junction (Dempster cutoff) with the unpaved, all-season Dempster Highway (Highway 5), which is followed 130 km to the western extremity of the claims (Figure 1). The Tr’ondëk Hwëch’in campsite at km 130 on the Dempster Highway has been rented as an exploration base and staging area to conduct work on the Project in the past.

The area has a northern interior climate characterized by a wide temperature range with warm summers, long cold winters and light precipitation. Approximate daily averages in July are 20°C, dropping to 5°C at night, and in January -25°C during the day, dropping to -35°C overnight with -50°C not uncommon. Annual precipitation for Dawson averages about 325 millimetres (“mm”), including close to 200 mm of rain and 160 mm of snow. The exploration season is variable but generally lasts from late June until mid to late September.

Dawson City is the closest town, with a population of approximately 2,000, but draws some 60,000 visitors each year. Facilities include an airport, with regular air service from Whitehorse, Yukon Territory and Fairbanks, Alaska, two helicopter bases, fixed wing bases, a hospital, police station, service stations, two grocery stores, accommodation and restaurants. Industrial services include tire repair, propane sales, welding and machine shops, heavy equipment repair and rental, a lumber mill, and freight and trucking companies. Heavy equipment and a mining oriented labour force are

available for contract exploration and mining work. Main industries are tourism and gold mining. The town is on the power grid with diesel backup operations. More complete facilities and a larger mining oriented labour force are available in Whitehorse, a major center of supplies and communications with a skilled source of labour for construction and mining. At Whitehorse there is daily jet airplane service to Vancouver, British Columbia and other destinations. The nearest source of hydro-electric power is at the Dempster cutoff.

The Project is situated within the headwaters of Michelle Creek within the Ogilvie Mountains of central Yukon Territory (Figure 2). It is drained by creeks that flow southeasterly, northeasterly and easterly into the Hart River (including Michelle Creek) and northwesterly into the Blackstone River, and ultimately into the Arctic Ocean via the Peel and Mackenzie Rivers. The topography is gentle to rugged, with sub-alpine to alpine terrain, blocky talus slopes, castellated ridge crests at higher elevations and broad valleys at lower elevations. Elevations range from approximately 900m along the Blackstone River to just over 1860m along the central ridgeline which forms the boundary between the Dawson and Mayo mining districts (Figure 2). Mountaintops are bare and most slopes are sparsely vegetated, which can contribute to flash flooding during heavy rains. The larger creek valleys contain aspen, white and black spruce, tamarack and tundra (Pyle et al., 2007).

Water supply is variable in the area, with good flow rates throughout summer where creek beds are near bedrock, but little or no surface flow in areas of deep unconsolidated material. A few creeks contain bright orange iron-oxyhydroxide precipitates. Overall there is abundant water for camp and diamond drilling purposes on the property.

The Project straddles the boundary between glaciated and unglaciated terrains (Figure 3) with the following discussion of the glaciation taken from Morton, (2021) and based on Pyle et al. (2007). Two continental ice sheets (Laurentide and Cordilleran) covered much of North America in the Quaternary Period. The maximum advance of the Laurentide Ice Sheet terminated a considerable distance to the east and did not directly affect the geomorphology of the Project. The Cordilleran Ice Sheet covered most of central and southern Yukon. It advanced at least four times between 2.5 Ma and 11 Ka. However, deposits of only the last two glaciations (Reid at 300 to 200 Ka and McConnell at 25 to 12 Ka) can be distinguished today. Deposits from older glaciations are collectively referred to as “pre-Reid.” The Ogilvie Mountains were generally unglaciated during these advances, but because the Michelle Project is located adjacent to a broad valley, it was likely subjected to advancements and retreats of the Cordilleran Ice Sheet (Pyle et al., 2007). The general flow directions in the Ogilvie Mountains were westerly and northerly (away from the main body of the glacier), but locally variable in tributary valleys (Figure 3). There is evidence of alpine glaciation in north facing cirques on the property.

Although there do not appear to be any topographic or physiographic impediments, and suitable lands appear to be available for a potential mine, including mill, tailings storage, heap leach and waste disposal sites, engineering studies have not been undertaken and there is no guarantee that such areas will be available within the Project area.

### **Permits and Risk Factors**

Preliminary exploration activities do not require permitting, but do require notification. Significant drilling, trenching, blasting, cut lines, and excavating may require a Mining Land Use Permit that must be approved under the Yukon Environmental Socioeconomic Assessment Act (YESSA). The 2021 program by Silver47 was completed under notification number Q2021\_0171 valid until July 19, 2022. A new notification/permit has been applied for.

The Project is situated within but proximal to the southwestern boundary of the 67,431 km<sup>2</sup> Peel River watershed planning region, which is regulated by the Peel Watershed Regional Land Use Plan (“**the Plan**”). The Plan was approved by the Tr’ondëk Hwëch’in, Na-Cho Nyäk Dun and Vuntut Gwitchin First Nations, the Gwich’in Tribal Council and the Government of Yukon on August 22, 2019 and was designed to direct the future use of the watershed’s natural resources. The region is divided into Landscape Management Units (“**LMU**”)s with varying levels of restrictions. The following discussion of the LMUs is taken in whole or in part from Morton (2021).

The majority of the Project is contained within the Hart River and West Hart River LMUs, which are classified as Wilderness Areas (“**WA**”). Wilderness Areas prescribe an interim withdrawal from any new industrial land use and surface access, for the purpose of conservation, but are intended to be reviewed as future circumstances change. In

particular, the Hart River and West Hart River LMUs are intended to protect the wintering areas for two caribou herds, protect sheep habitat and support eco-tourism.

Approximately 25% of the Project is located within the Blackstone River LMU, which is classified as an Integrated Management Area, Zone III (“**IMA Zone III**”). Integrated Management Areas are regions where new industrial land uses and surface access is permitted, and the regions are ranked on a scale from highest sensitivity to disturbance (Zone I) to lowest sensitivity to disturbance (Zone IV). The western boundary of the Blackstone River LMU is delimited by the Dempster Highway, and due to the proximity to the highway, resource extraction is permissible in the LMU, so long as it supports the local economy.

The 2021 drill program, located within the WA category of the Peel River watershed planning region was approved indicating that exploration can be conducted on the Project. There is a risk that eventual mining activities and access may be restricted. However, the proximity to the Dempster Highway and to the southwestern boundary of the planning region and the reviewable status of the main LMU designation are positive factors.

To the author’s knowledge, the Project is not subject to any environmental liability. There are no known mineral resources or reserves or tailings ponds on the property.

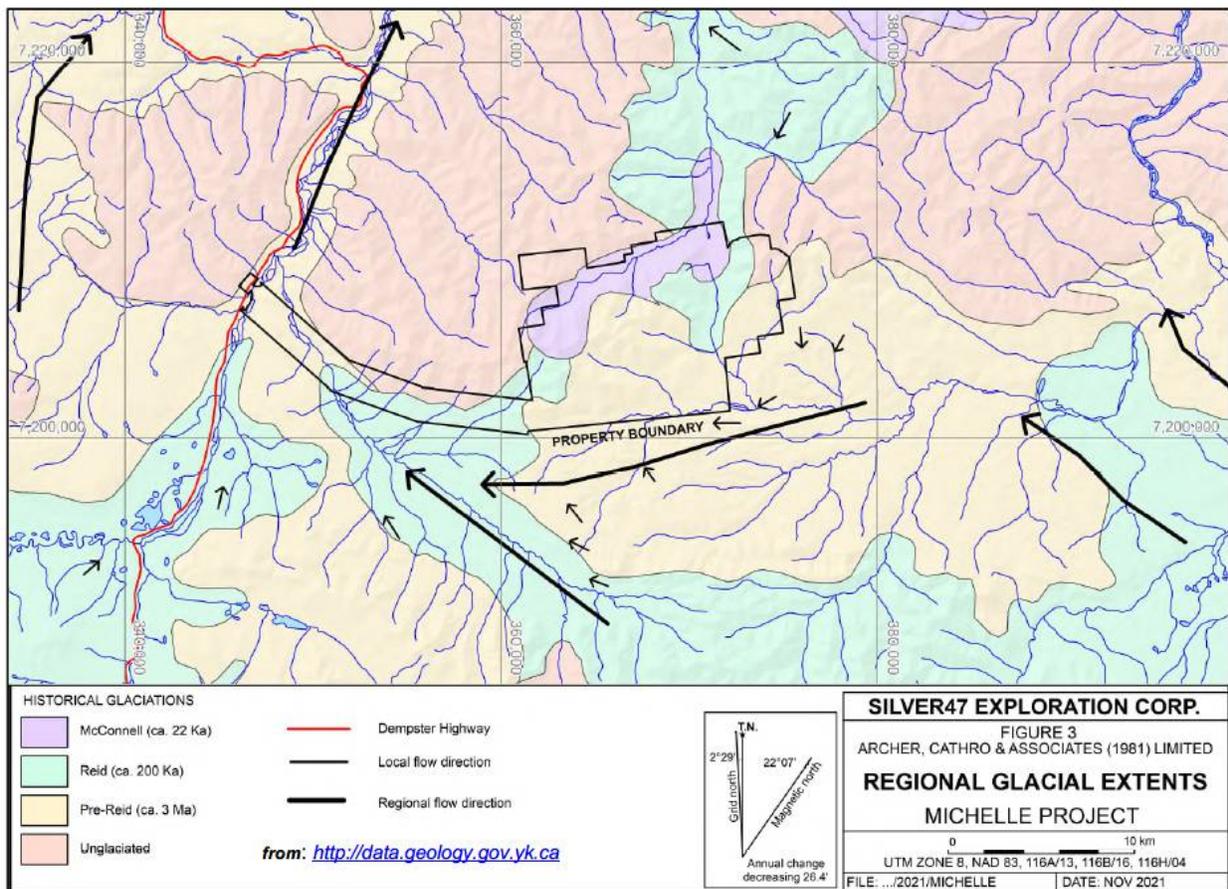


Figure 3: Regional Glacial Extents

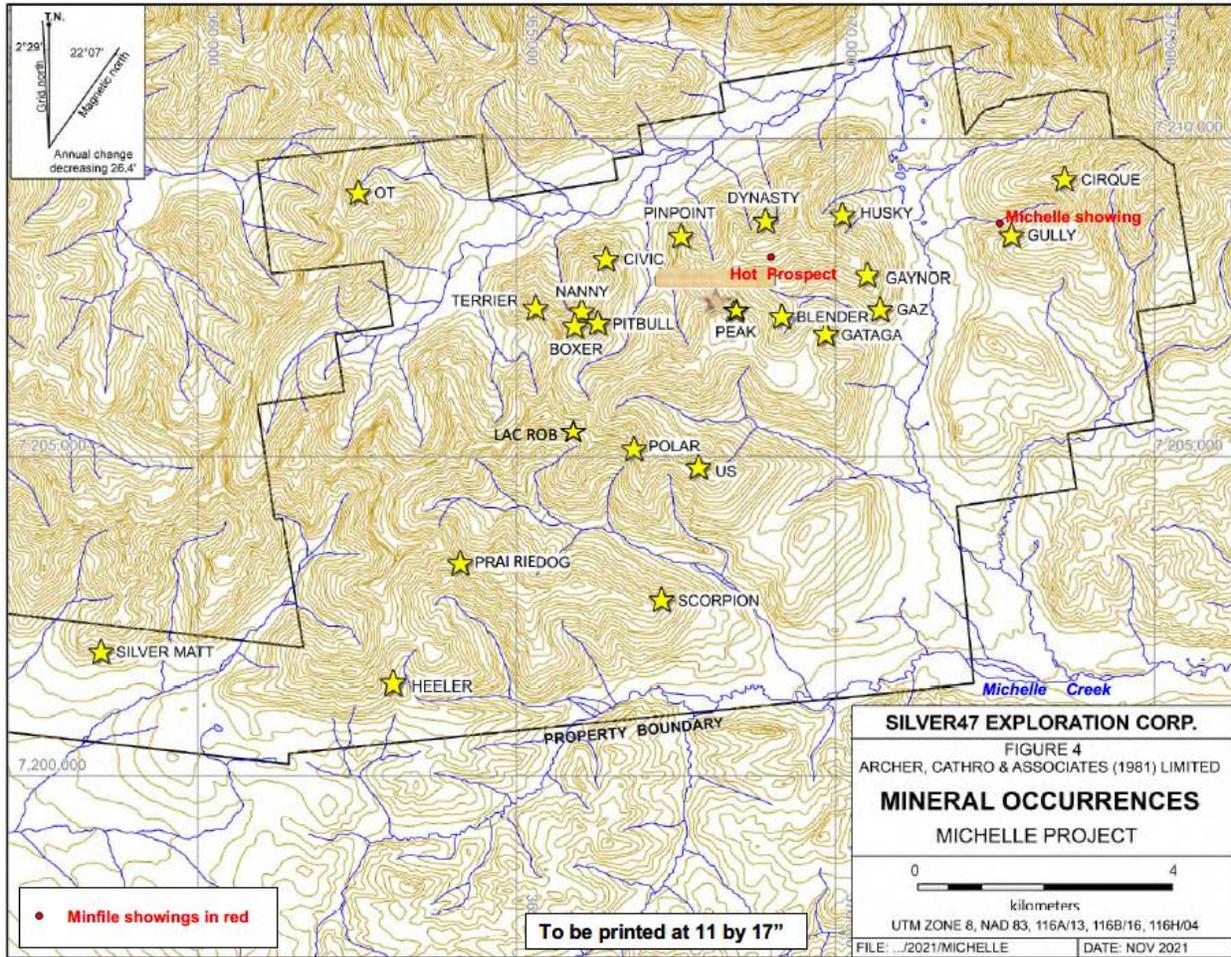


Figure 4: Mineral Occurrences

## History

The Michelle Project covers the Hot prospect (Minfile Number 116A 015) and the Michelle showing (Minfile Number 116A 016), documented mineral occurrences by the Yukon Geological Survey (<http://data.geology.gov.yk.ca>) (Figures 2 and 4). The Minfile occurrences mark the centre of the original historical, noncontingent claim blocks on the Project which were staked by Dynasty Exploration Limited (“Dynasty”) in 1974 as the Hot and ID claims, respectively, to cover lead and zinc silt geochemical anomalies. The Michelle claims were staked by Archer Cathro for Strategic in 2006 and additional claims were added in 2007 to 2008 by Zinccorp. The resultant Project area covers a larger block of claims, including the original showings and additional showings have been discovered, resulting in 23 named mineral occurrences; three of which (Gully, Peak and Silver Matt) are now referred to as zones (confirmed by drilling) and 20 are considered showings (Figure 4).

The original Hot prospect correlates with the Dynasty showing and the mineralization and geochemical anomalies obtained in the 1974-75 exploration programs, which incorporate the current Gataga, Blender, Peak, and Pinpoint occurrences. The Hot prospect terminology will be used when collectively referring to the showings surrounding the Hot Minfile occurrence location. The Michelle showing comprises the Gully zone and Cirque showing (Figure 4). All occurrences will be discussed under section 7.3, “Mineralization”.

The following is a summary of the known work history on the Michelle Project as documented in Yukon Minfile (Deklerk, 2009 and Government of Yukon, 2021 at <http://data.geology.gov.yk.ca>), various government publications of the GSC, YGS or its predecessor (Mineral Industry Reports and Yukon Exploration and Geology) and company

publications (primarily available as assessment reports filed with the government). All work was completed on the current Michelle Project area.

1974 Follow up of lead and zinc silt geochemical anomalies by Dynasty with mapping, prospecting and hand trenching on the Hot claims led to the discovery of the Dynasty showing, which was explored by hand trenches and pits over a 21m extent. A sample yielded 174.5 g/t Ag, 13.5% Pb, 11.9% Zn and 0.3% Cu across 0.9m (Dean and Carne, 1975). The zone pinched out to the southeast but remained open to the west. The Dynasty showing appeared to form part of a variably mineralized horizon, exposed at various localities across the claims.

Follow up of lead and zinc silt geochemical anomalies by Dynasty with mapping, prospecting and geochemical sampling on the ID claims resulted in the discovery of two main gossan zones in talus approximately 1 km apart (Gully and Cirque showings), which appeared to lie along the same mineralized horizon (Dean, 1975). A sample from the former returned 36% Pb and seepage and silt samples ranged from 90 to 4000 ppm Pb and from 168 to 3800 ppm Zn (Dean, 1975).

1975 The Hot claims were transferred to Cyprus Anvil Mining Corp, which completed silt and contour soil geochemistry (286 samples) mapping and hand trenching (1 new trench and extension of 2 previous trenches with 4 samples). The Dynasty showing was trenched (samples ranged from 2.1 g/t Ag, 0.13% Pb, 0.52% Zn to 60.3 g/t Ag, 3.98% Pb, 7.32% Zn), suggesting a thickness of 3-4.5m, and traced for 1.8 km to the east along a probable fault zone (McLennan, 1975). Several anomalous mineralized zones (Peak, Pinpoint, Blender and Gataga) were evident along the same horizon, but continuity could not be ascertained (McLennan, 1975). The claims were allowed to lapse.

1976 The GSC collected 16 stream sediment samples from the Project area, as part of a larger regional survey in central Yukon. Samples were collected at an average density of one sample per 13 km<sup>2</sup> throughout the 63,000 km<sup>2</sup> survey area (Goodfellow and Lynch, 1978). Samples from creeks draining the Dynasty and Gully showings yielded combined zinc-lead values of 1170 ppm, and 830 ppm, respectively. The remaining samples yielded a subdued response for all elements of interest.

1997 The KK claims were staked by Blackstone Resources Inc. 6 km southwest of the Michelle Minfile showing, but no work is documented (Government of Yukon, 2021).

No further work is documented until 2001, at which time two Archer Cathro geologists, on behalf of Strategic, spent one day prospecting in the vicinity of the old claims. A number of rock samples were collected, but no claims were staked. In 2006 another day was spent prospecting by three Archer Cathro geologists on behalf of Strategic in the vicinity of the Gully showing with the discovery of numerous limonitic float blocks yielding highly anomalous values for silver, zinc and lead, ranging from rarely negligible to 1,090 g/t Ag, 24.7% Pb, 20.6% Zn and 0.9% Cu in 15 rock samples collected. The property was staked for Strategic in 2006 and sold to Zinccorp in 2007, which added more claims in 2007 to 2008.

The following is a summary of the work conducted over the area covered by the Michelle Project since staking by Strategic in 2006. All work since then was completed and managed by Archer Cathro, except for the 2009 and 2010 programs which were managed by William Mann, contract geologist to Zinccorp. All programs will be discussed in more detail under their respective sections following the summary. All drill programs will be discussed in more detail under section 10.0, "Drilling".

2007-8 A program of geological mapping, prospecting, rock (213 samples), contour soil (1104 samples) and silt (124 samples) geochemical sampling and 3,966.4m of diamond drilling in 33 holes was completed by Archer Cathro for Zinccorp. Mineralization was: discovered at the Gaynor, Gaz, Nanny, Terrier, Civic, Polar, US, Prairie Dog and OT showings; located at the Blender and Pinpoint showings and; confirmed at the Gully, Cirque and Peak showings. Drilling upgraded the Gully (18 holes) and Peak (15 holes) showings to zones. Drill results include, but are not limited to: 309.5 g/t Ag, 16.8% Zn, 8.86% Pb over 18.3m in MCH-07-06 and 152 g/t Ag, 5.36% Zn, 16.4% Pb, 870 ppm Ga over 9.4m in MCH-08-20 from the Gully zone and; 347 g/t Ag 1.20% Zn, 3.29% Pb over 24.5m, including 2134 g/t Ag, 0.55% Zn, 15.2% Pb over 2.95m in MCH-08-32 at the Peak zone.

Preliminary studies of water quality (Gibson, 2008) and access road route evaluation were also conducted in 2008 (Dennett, 2008), with claims being added to accommodate access.

- 2009 Zinccorp conducted prospecting and rock geochemistry (153 samples) resulting in the discovery of additional mineralization. The Nanny showing was substantially extended with the identification of high grade mineralization in outcrop and the Prairie Dog showing was extended with the discovery of the Scorpion showing in the southern property area, which yielded 145 g/t Ag, 29.2% Pb and 20.4% Zn (Mann, 2010).
- 2010 Zinccorp performed geological mapping, prospecting, rock geochemistry (36 samples), a 72 station orientation ground gravity geophysics by Aurora Geosciences Ltd. and 1033.9m of diamond drilling in 10 holes on the Blender (5), Peak (1) and Terrier (4) showings, but no significant results were obtained from drilling (few samples were assayed). The program resulted in the discovery of the Silver Matt showing in the southwest property area yielding 3650 to 4180 g/t Ag and 80.4 to 82.8% Pb and the gravity survey yielded inconclusive results, partly due to instrument failure and poor weather (Liverton et al., 2011).
- 2012 Strategic Metals purchased the Project from Zinccorp.
- 2013-4 Aerial photography was undertaken over the over the entire Project in 2013 by Underhill Geomatics Ltd. of Whitehorse for Strategic to facilitate detailed plotting of mapping, trenching, drill holes and access routes (Burrell, 2014). Survey points were established on the property and a differential GPS was used to orthoreference the photographs in 2014. Property scale orthophotos and a detailed (two metre contour) topography map were created using the orthoreferenced images. A one day prospecting and geochemical sampling program (28 soils and 7 rocks) was also undertaken on the Silver Matt showing (Burrell, 2015).
- 2015 Strategic conducted geological mapping, prospecting, rock geochemical sampling (556 samples) and hand trenching, identifying four new mineral occurrences (Boxer, Pitbull, Heeler and Husky showings) and in situ mineralization at the Silver Matt and Gaynor showings in hand trenches (Morton, 2016). The sulphide mineralization exposed at the Silver Matt showing returned 894 g/t Ag, 46.9% Pb and 8.1% Zn over an estimated true thickness of 1m, and oxide mineralization at the Gaynor showing returned a weighted average of 371 g/t Ag, 14.8% Pb and 2.2% Zn over 17m (Morton, 2016). Strategic Metals transferred its interest in the Michelle Project to Silver Range, as part of a larger property exchange agreement later in the year.
- 2017 Silver Range completed geological mapping, prospecting, rock geochemical sampling (162 samples) and hand trenching, which resulted in the discovery of: in situ mineralization at the Scorpion showing in hand trenching; small boulders of semi-massive galena carrying 172 g/t Ag, 10.6% Pb and 1.1% Zn east of the Cirque showing and; the location of mineralization on the Gataga showing (Morton, 2018). The hand trenching at the Scorpion showing returned 34.5 g/t Ag, 3.5% Zn and 8.8% Pb over 11m, across the top of a gossanous float train (Morton, 2018).

Work completed on the Project between 2006 and 2021, has included geological mapping and prospecting with concurrent rock geochemical sampling, contour soil sampling, stream sediment sampling, hand trenching and rock chip sampling, a gravity geophysical survey, an aerial photography and topographic survey, access studies, 5,000.3m of diamond drilling in 43 holes and 368.8m of reverse circulation drilling in 6 holes. Soil geochemistry only covers about 10% of the Project, reconnaissance mapping has been completed over about 50%, with select detailed mapping in the Michelle showing and Hot prospect areas, and the drilling has primarily been restricted to two zones, the Gully and Peak.

## **GEOLOGICAL SETTING AND MINERALIZATION**

### **Regional Geology**

The Michelle Project lies within the Mackenzie Platform (Nap), comprising episodic miogeoclinal sediments deposited on the west side of ancestral North America from Lower Paleozoic through to Middle Paleozoic time, and lies 25 km north of the Dawson thrust fault, which separates the Selwyn Basin (Nab) to the south from the Mackenzie Platform (Nap) to the north (Figure 5). The Dawson thrust is a crustal break that may date to late Neoproterozoic rifting and was

subsequently reactivated as a north directed thrust fault during Paleozoic extension and Mesozoic compression (Colpron et al, 2013).

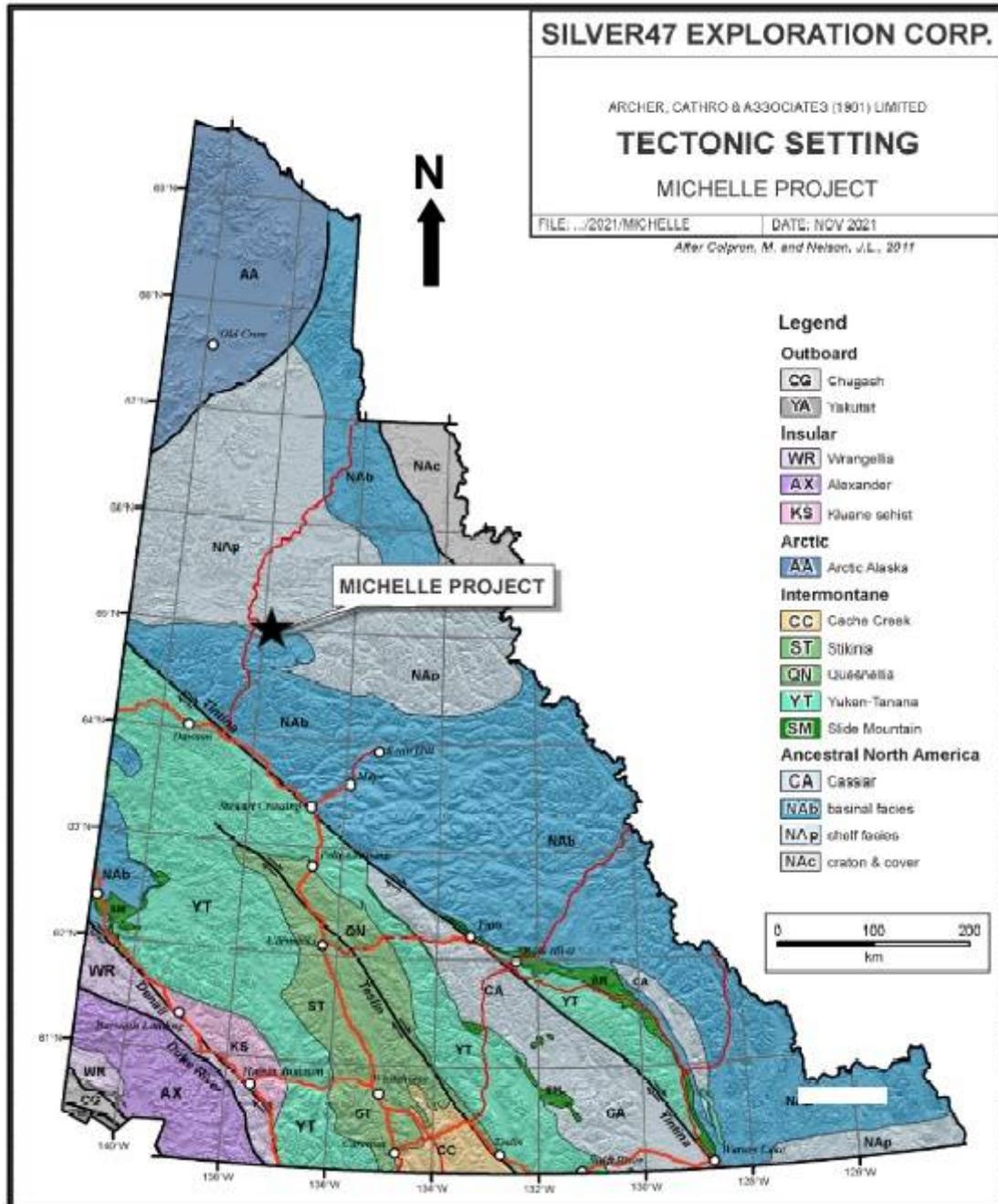


Figure 5: Tectonic Setting

The regional geology of the Project (Figure 6) has been mapped at a 1:250,000 scale by the GSC, with the 116A mapsheet by Green and Roddick (1972) in 1961, the 116B and C mapsheets by Thompson (1996) in 1987 and the 116H mapsheet by Norris (1982) in 1962. A Yukon-wide geological compilation was produced by the Yukon Geological Survey (Gordey and Makepeace, 2003), which was updated (Colpron et al., 2016) and continues to be updated (Government of Yukon, 2021). The following discussion of the regional geology is summarized from the above references.

The oldest rocks in the regional area (Figure 6) consist of a series of windows scattered across the region of Lower Proterozoic Quartet and Gillespie Lake Groups, which belong to the Wernecke Supergroup. The Quartet Group primarily consists of relatively deep water grey-brown, relatively unmetamorphosed shale and siltstone, commonly strongly folded. The deeper water sediments are overlain by orange-brown Gillespie Lake Group dolostone and shallow water clastic sedimentary rocks. Gently folded, massive dolostone and limestone of the Upper Cambrian to Lower Devonian Bouvette Formation, part of the Mackenzie Platform, unconformably overlie the above units.

The platformal carbonates are locally overlain by a thin tongue of Ordovician to Lower Devonian Road River Group black shale and chert, which was deposited when Selwyn Basin briefly flooded on to the Mackenzie Platform. Black siltstone and chert pebble conglomerate of the Devonian to Mississippian Earn Group locally overlie the Bouvette Formation or Road River Group packages. The Earn Group is a transgressive shale package that appears in both the basinal and platformal sequences.

A table of Formations follows:

#### Devonian and Mississippian

**DME: Earn Group:** complex assemblage of submarine fan and channel deposits with slate, chert-quartz arenite and wacke, chert pebble conglomerate, siltstone, barite and rare limestone

#### Ordovician to Lower Devonian **Selwyn Basin**

**ODR: Road River Group:** black shale and chert, lesser dolomitic siltstone, calcareous shale, buff platy limestone

#### Upper Cambrian to Lower Devonian **Ogilvie Platform**

**CDB: Bouvette Formation:** medium to thick bedded or massive dolostone and limestone, minor argillaceous limestone, limestone conglomerate and black shale

#### *Unconformity*

#### Paleoproterozoic **Wernecke Supergroup**

**PDS: Gillespie Lake Group:** dolostone and silty dolostone, locally stromatolitic and locally with chert nodules and sparry karst infillings, interbedded with lesser siltstone, shale, mudstone, sandstone and conglomerate

**IPQ: Quartet Group:** black weathering shale, finely laminated dark grey weathering siltstone, and thinly to thickly interbedded, light grey weathering siltstone and fine grained sandstone, minor dolostone.



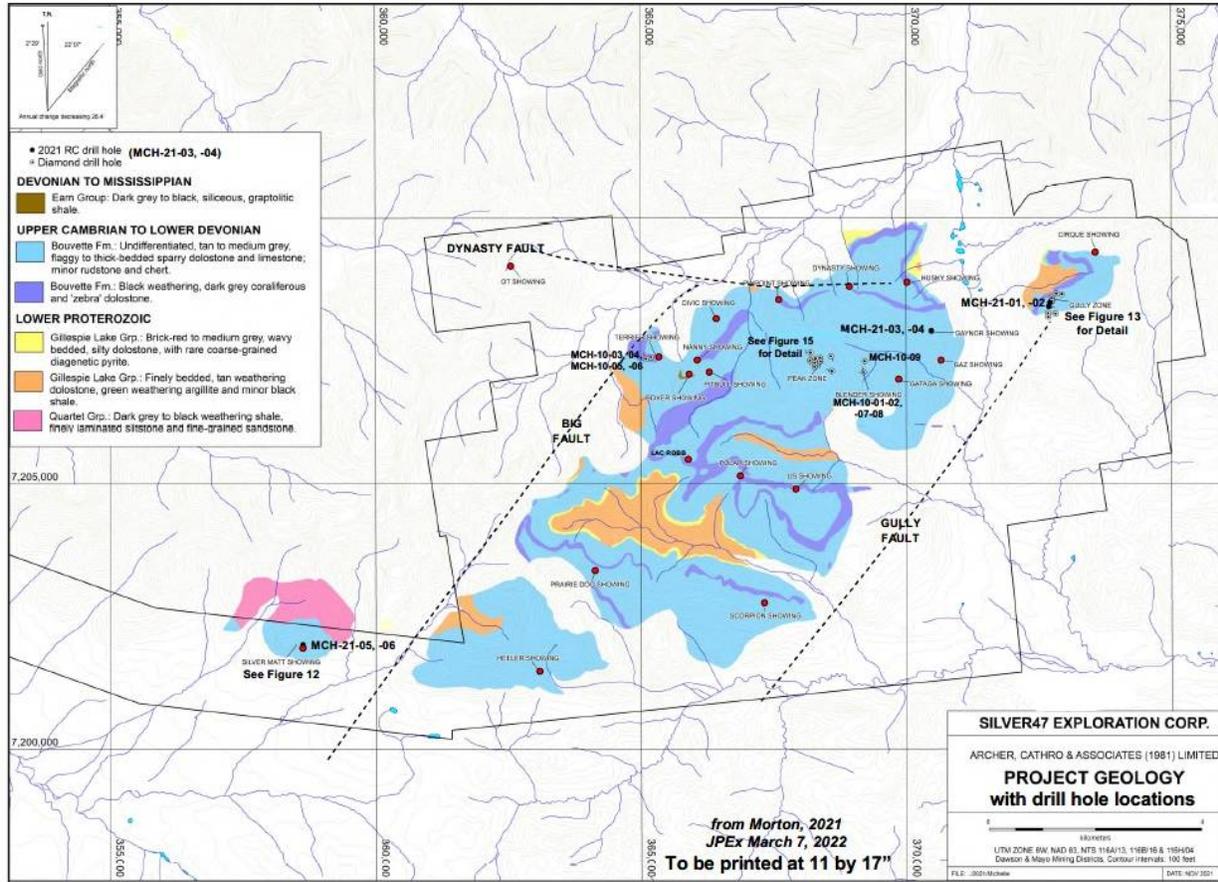


Figure 7: Project Geology with drill hole locations

### Property Geology

Reconnaissance mapping was conducted over the Hot and ID claims in 1974 and 1975 with more detailed mapping within the same areas in 2008 by ZincCorp (Eaton, 2009), which subsequently mapped the property area in 2010, compiled at a 1:20,000 scale (Liverton et al., 2011). Strategic conducted 1:10,000 scale mapping on portions (Silver Matt, Gaynor, Peak, Terrier, boxer, Polar, Us and Gully) of the Project in 2015 and 2017 (Morton, 2016 and 2018). Thick glacial overburden particularly in the western property area, and extensive talus cover over most of the property, restricts mapping. Property geology is shown on the Figure above with more detail of the structures (many interpreted) and aerial lineaments shown on Figure 7 of the Technical Report.

The oldest units on the Project consist of Paleoproterozoic sedimentary rocks of the Gillespie Lake Group and possibly some of the Quartet Group, which are exposed in drainages at lower elevations. Although the exposures here are shown by the YGS as Quartet Group, the mapping is of older vintage and at a regional scale. Eaton (2009) suggests the Paleoproterozoic sedimentary rocks where they have been encountered better correlate with Gillespie Lake Group sedimentary units. Two units are evident, consisting of finely bedded, tan weathering dolostone, green weathering argillite and minor black shale (IPG2), overlain by brick-red to light grey weathering, wavy bedded, silty dolostone with rare coarse grained diagenetic pyrite (IPG1).

The Gillespie Lake Group is unconformably overlain by Upper Cambrian to Lower Devonian Bouvette Formation limestone and dolostone. The surface trace of the unconformity is typically marked by gossanous soil and talus. The Bouvette Formation is locally subdivided into two units, a resistive, dark grey to black, fossiliferous (coral) dolostone and ‘zebra’ dolostone (“CDB1”), which is interbedded with non-clastic and undifferentiated light to medium grey, flaggy to thick-bedded sparry dolostone and limestone, with minor mudstone and chert (“CDB”). The CDB1 unit has an estimated thickness of 220m, is cliff-forming at higher elevations and is marked by conspicuous, dark and blocky

talus at lower elevations. All mineralization observed on the Project to date is hosted exclusively within the Bouvette Formation, which has been interpreted as a major shelf deposit here, including individual reefs that are now mostly dolomitic (Liverton et al, 2011).

A small package of siliceous, dark grey to black, graptolitic Earn Group shale overlies Bouvette Formation strata on a ridge in the Boxer showing area, but has not been observed elsewhere on the Project.

High angle faults on the Project generally strike northeast to locally north, exhibit a small sense of displacement where they intersect and offset CDB1, and in several locations, such as at the Gully zone (cover photo), juxtapose Bouvette Formation carbonates against Gillespie Lake sedimentary rocks. Big fault in the western Project area is a northwest striking, easterly dipping reverse fault (Liverton et al., 2011). At the Gully zone, the Gully fault is a southerly striking, moderately west dipping reverse fault (Eaton, 2009). It may continue southwesterly across the eastern Project area. The area between the two faults is fractured by minor fault systems running mostly north-northeast and perpendicularly, likely as result of the regional east-northeast directed compression (Liverton et al., 2011).

In the northern property area, the north directed Dynasty thrust fault (Figure 7) cuts the Bouvette Formation and exposes a thin package of CDB1. East of the Dynasty thrust fault, a north trending fault cuts both Bouvette Formation and the underlying Gillespie Lake Group. Bedding on the Project generally dips north and south as a result of open, shallowly east-plunging folds. Drainages are often developed in fold hinges in the central property area.

**Table 2: Summary of mineral occurrences**

<b>Occurrence</b>	<b>Easting mE*</b>	<b>Northing mN*</b>	<b>Metals</b>	<b>Size (m)</b>	<b>Mineralization Control</b>
<b>ID Minfile:</b>					
Gully	372764	7208492	Ag-Zn-Pb-Ga±Ni	750 x 350	fault and stratabound
Cirque	373596	7209379	Ag-Zn-Pb	810 x 710	stratabound
<b>Hot Minfile:</b>					
Peak	368426	7207315	Ag-Zn-Pb-Ga±Mo	1000 x 380	fault and fracture
Dynasty	368913	7208718	Ag-Zn-Pb	1940 x 560	stratabound and fault hosted
Blender	369167	7207219	Ag-Zn-Pb-Ga±Ni±Mo	1350 x 250	fault hosted
Gaynor	370706	7207326	Ag-Zn-Pb	230 x 160	fault and stratabound
Gaz	370504	7207870	Ag-Zn-Pb	145 x 65	stratabound and fault?
Gataga	369854	7206941	Zn-Pb	200 x 170	stratabound and fault?
Husky	370114	7208813	Ag-Zn-Pb-Ga	10 x 10	unknown
Pinpoint	367589	7208481	Ag-Zn	250 x 150	unknown
<b>Other:</b>					
Nanny	366032	7207300	Ag-Zn-Pb-Ga	250 x 130	fault hosted
Terrier	365305	7207357	Ag-Zn	250 x 140	fault hosted
Civic	366409	7208120	Zn-Pb±Ni±Mo	470 x 180	stratabound
Boxer	365920	7207067	Ag-Zn-Pb	150 x 65	stratabound
Pitbull	366282	7207118	Ag-Zn-Pb	10 x 10	stratabound
Lac Rob	365930	7205480	Zn±Ga	10 x 60	fault hosted
Polar	366846	7205137	Zn±Ga	600 x 550	fault hosted
Us	367856	7204847	Zn±Ni	520 x 190	unknown
Scorpion	367279	7202764	Ag-Zn-Pb	360 x 190	fault hosted, stratabound?
Prairie Dog	364123	7203340	Zn±Ga±Ni	400 x 180	fault hosted
OT	362527	7209163	Ag-Zn-Pb-Ga±Ni±Mo	900 x 160	fault hosted
Heeler	363071	7201464	Ag-Zn-Pb	30 x 30	fault hosted
Silver Matt	358492	7201944	Ag-Zn-Pb	250 x 250	fault hosted?

\* co-ordinates in UTM Nad 83, zone 8

### ***Mineralization***

The Michelle Project covers the Hot prospect and the Michelle showing, as documented by the YGS (<http://data.geology.gov.yk.ca>) (Figure 4). The original Hot prospect incorporates the Dynasty showing, and mineralization and geochemical anomalies obtained at the current Gataga, Blender, Peak, and Pinpoint occurrences. The Hot prospect terminology will be used when collectively referring to all of the occurrences surrounding the Hot Minfile prospect location. The Michelle Minfile showing comprises the original two gossans on the ID claims discovered by Dynasty in 1974, namely the Gully zone and the Cirque showing.

Prospecting, hand trenching and drilling have identified 20 named showings, and 3 zones (confirmed by drilling), which are summarized in Table 2 and shown on Figure 4. In addition isolated float occurrences have been identified, but not as yet categorized as showings. The Gully and Cirque showings were originally identified on the ID claims in 1974 and some of the showings on the 1974 Hot claim block (Hot Minfile prospect) were identified in 1974-75, but work concentrated on the Dynasty showing. The additional occurrences listed below the Hot Minfile in Table 4 of the Technical Report were found after 2006, but are grouped together since they may lie along the same stratigraphic horizon, with localized fault control/disruption.

The following description of the showings and zones is summarized from prior assessment reports, primarily Eaton (2008 and 2009), Mann (2010) and Morton (2016 and 2018), and the rock geochemical database.

A number of the showings and zones are marked by weak gossans located on or near ridge crests, where the softer and more fractured mineralized rocks are least likely to be covered by harder, more competent unmineralized talus. Mineralization consists almost exclusively of cavity, fracture and/or breccia hosted secondary oxide and carbonate minerals, predominantly limonite and smithsonite. It is often difficult to determine relative percentages of the secondary minerals in hand specimens and, as such, visible grade estimates are unreliable. Residual galena, with cerussite or anglesite envelopes, is present in some showings. Relatively unoxidized sulphide mineralization (consisting of nearly massive sphalerite, galena and pyrite with coatings of hydrozincite) has only been observed at the Dynasty and Husky showings and the Silver Matt zones. Almost all of the showings are deeply weathered due to a predominance of unglaciated terrain.

A sulphide-rich specimen from the Dynasty showing was petrographically analysed in 2010 by ZincCorp. The polished thin section primarily consisted of zoned sphalerite showing variable iron content with small (<0.15 mm) euhedral to subhedral pyrite inclusions and an interstitial network of galena, hosted by a carbonate gangue (comprising about 5% of the section), interstitial to the sphalerite. The galena was brecciated with carbonate and rare sphalerite cementation. This brittle deformation is attributed to low temperatures during deformation likely resulting from very minor displacement along previously mineralized fault zones (Liverton et al., 2011).

Although most of the mineral showings and zones appear to be hosted in steeply dipping structures that trend northeasterly and easterly, some stratabound mineralization has been observed, notably at the Civic, Boxer Gataga and Dynasty showings and the Gully zone.

In 2008, a study of all mineralized samples with a significant carbonate content (minimum of 10% combined calcium and magnesium, which are the dominant cations in common carbonate rocks on the property) was completed to determine whether the mineralization is hosted in dolomite or limestone. For the purpose of this study, dolomite was inferred to be present if the relative magnesium content fell into the 35-37% range [ $Mg/(Ca+Mg)$ ]. All of the mineralized samples fell within this percent range (Eaton, 2008). Most MVT deposits are associated with an envelope of extensive hydrothermal dolomitization that may extend tens of thousands of metres beyond the sulphide bodies (Paradis et al., 2007).

Fluorite was identified in one location at the Nanny zone in 2009, in association with very high grade mineralization and barite was identified in several locations on the property (a few hundred metres northwest of the Prairie Dog, northwestern Scorpion and in sand filled karst cave structures near the Prairie Dog and above the Civic showings) (Liverton et al., 2011). Fluorite and barite are common accessory minerals in MVT deposits.

A description of the showings and zones follows. Details from drilling the zones are discussed under section 10.0, "Drilling".

### **Michelle Minfile area (Gully zone and Cirque showing)**

The **Gully zone** is marked by rusty soil and talus (comprised of fragments of smithsonite and limonite with occasional residual galena), which lie within and proximal to a recessive linear. The strongest mineralization is hosted in the Gully fault, a south trending, moderately west dipping reverse fault. Three specimen samples averaged 953 g/t Ag, 24.0% Zn, 38.9% Pb and 327 ppm Ga (Eaton, 2009) and all 15 rock samples documented from surface sampling averaged 271 g/t Ag, 7.7% Zn, 11.5% Pb and 137 ppm Ga. Stratabound mineralization is also developed within a faulted horizon of fossiliferous dolostone of unit CDB1. A number of unexplored gossans southwest of the Gully zone coincide with air photo linears, some of which may be associated with a possible structure (Gaz fault) which passes through the Gaz, Gataga and South Blender showings (Figure 7 of the Technical Report).

Scattered pieces of gossanous float are exposed along the talus slope between the Gully zone and Cirque showing (the latter situated about 750m northeast of the Gully zone in the footwall of the Gully fault), suggesting that stratabound mineralization is hosted along the CDB – CDB1 contact. Samples returned moderate zinc and low silver values, with one sample yielding 41.3 g/t Ag, 16.5% Zn and 1.5% Pb.

The **Cirque** showing comprises a train of limonite and limonitic massive, fossiliferous CDB1 blocks in talus, which reach maximum dimensions of approximately 2.5 by 2.0 by 0.75m. Samples yielded relatively low values, ranging from negligible to 7.5 g/t Ag, 6.7% Zn and 0.9% Pb. Sporadic mineralization on the north side of the valley is associated with the north trending Gully fault and subsidiary structures, with brecciated dolostone, with smithsonite, mineralization exposed over an approximate 500m diameter area. Samples are only anomalous in zinc with values ranging from 1.8 to 7.7% Zn. A composite sample of limonitic crackle breccia collected from this area in 2017 assayed 1.55 g/t Ag, 30.5% Zn and 0.23% Pb (Morton, 2018). Two hand trenches did not return significant results. A sample collected east of the Cirque showing from a 30 by 30m talus train of galena-bearing oxide, returned 172 g/t Ag, 1.11% Zn and 10.6% Pb (Morton, 2018).

### **Hot prospect (Peak zone and Blender, Gataga, Gaz, Gaynor, Husky, Dynasty and Pinpoint showings)**

Mineralization at the **Peak zone** is found in talus over a strike length of 800m and consists of limonite and smithsonite rich float with rare residual galena. Two samples of the most intensely oxidized material returned an average of 1732 g/t Ag, 10.6% Zn, 63.0% Pb and 155 ppm Ga. All 17 samples from the zone averaged 3.11% Zn with three samples containing greater than 1% Pb averaging 43.0% Pb, 1183 g/t Ag and 4.45% Zn. Limonite in two massive limonitic outcrops roughly 50m apart within the eastern Peak zone, measuring 13 by 1.5m and 4 by 2m, is developed along faults or fractures with vertical dips and northerly strikes. Two samples of this material averaged 1.18% Zn and 155 ppm Ga (Eaton, 2008). Mineralization in the western **Peak zone** comprises a 2m wide talus train of smithsonite and limonite healed dolomite breccia and massive limonite blocks up to 50 by 30 by 25 cm in size along a ridge crest and adjacent south facing slope. The five samples collected averaged 28.8 g/t Ag, 2.00% Zn and 2.71% Pb, with one limonite sample yielding 10.2% Pb with 52 g/t Ag (Eaton, 2008 and 2009, and Morton, 2016).

Although the **Blender showing** seems to line up along one southwest trending, west dipping lineament defined by a gully and several intermittently mineralized float trains extend for about 700m southwesterly along a hillside, there appears to be two separate controlling structures. The North Blender showing, 500m east of the Peak zone, lies at the junction of two easterly trending topographic linears identified by air photo interpretation. Mineralization is primarily smithsonite and limonite healed dolomite breccia and massive limonite with rare residual galena. This showing, unlike most others on the property, is situated very low in a valley, only about 150m uphill from a creek. Three samples of intensely oxidized material returned an average of 986 g/t Ag, 27.7% Zn, 22.8% Pb and 533 ppm Ga (Eaton, 2008).

The South Blender showing comprises a small gossan and a 20 by 15m mineralized float train of massive limonite cobbles about 500m southwest of the North Blender showing, on the other side of a plateau. Three specimen samples of this material returned an average grade of 1.36% Zn (Eaton, 2008). One hand trench was excavated which returned 1.35% combined lead-zinc over 10m. The mineralization may be related to the possible Gaz fault (Figure 7 of the Technical Report).

The **Gataga showing** covers an approximate 150 by 150m area of complex, stratabound lead-zinc mineralization within karsted dolostone about 900m west of the North Blender showing and 1.5 km east-northeast along the possible Gaz fault from the South Blender showing. Mineralization is best developed within several recessive up to 3m thick

stratigraphic horizons. Three outcrop and subcrop samples, comprising limonitic, smithsonite coated, brecciated dolostone with coarse crystalline dolomite and sparse clots of galena, returned an average of 2.38% Zn and 1.97% Pb (Eaton, 2009 and Morton, 2018). A sample collected downslope of the outcrop in a gully, but also along trend of the Gaz fault, returned 166 g/t Ag, 11.0% Zn and 10.1% Pb (Eaton, 2009). Float found about 300m north of the Gataga showing returned 46 g/t Ag, 14.2% Zn and 1.31% Pb (Eaton, 2009), which may be an extension of the stratabound style mineralization found at the Gaynor and Dynasty showings.

The **Gaz showing** forms a gossanous bench on a southeast sloping ridge about 720m northeast of the Gataga showing. Mineralization consists of abundant limonite cobbles within a 150 by 60m area, containing more concentrated gossans up to 30m in diameter. Only two samples are documented, one yielded 25.5% Pb with 145 g/t Ag and 0.26% Zn and the other ran 3.12% Zn (Eaton, 2009). Two other float samples were collected a further 150m to the west, one of which yielded 74.5 g/t Ag, 5.89% Zn and 3.12% Pb (Morton, 2016). Three hand trenches returned low to insignificant results. Mineralization may be related to the possible Gaz fault along the Gataga - Gaynor - Dynasty horizon.

The **Gaynor showing** lies on a ridge about 450m north of the Gaz showing. It comprises an approximately 25m wide band of gossanous soil and scattered mineralized talus fragments, which extends down both sides of the ridge for a cumulative length of 200m (Eaton, 2008). The mineralization includes cavity filling smithsonite and cobbles of massive limonite with rare residual galena. Three samples of oxidized material averaged 73 g/t Ag, 5.49% Zn and 4.88% Pb, one with elevated Ga (90 ppm) (Eaton, 2009 and Morton, 2018). A hand trench here returned 371 g/t Ag, 2.20% Zn and 14.8% Pb over 17m. A second trench in the vicinity of limonitic dolostone with sphalerite carrying 30.5% Zn, returned only low anomalous values in zinc. Mineralization appears stratabound with some evidence of faulting.

The **Husky showing** lies at the toe of a northeast trending ridge, about 900m north of the Gaynor showing, within or below a package of CDB1. It comprises several large boulders of massive galena, with a punky oxide rind and encrusting anglesite. A sample of this material in 2015 returned 2400 g/t Ag, 7.13% Zn and 71.6% Pb (Morton, 2016). No follow up has been conducted.

The **Dynasty showing** includes an in situ massive bed or bedding parallel vein of galena-sphalerite-pyrite mineralization traced for almost 20m which returned 174.5 g/t Ag, 11.9% Zn, 13.5% Pb and 0.3% Cu across 0.9m and was open to the west (Dean and Carne, 1975). Another trench nearby in 2008 yielded 197 g/t Ag, 36.0% Zn and 23.5% Pb across the 0.4m bedding parallel band of massive sulphide encountered (Eaton, 2009). Extensive sampling within this area has returned high values with five samples from the old trenches averaging 351.8 g/t Ag, 41.8% Zn zinc and 24.4% Pb and five samples from surface exposures in the cirque averaging 17.1 g/t Ag, 17.5% Zn zinc and 1.64% Pb. In 1975 mineralized float was discontinuously traced 1.8 km to the east in float along a probable fault zone (McLennan, 1975). The fault was later identified as a northerly directed thrust fault referred to as the Dynasty fault (Morton, 2016). Clusters of sulphide bearing talus, surrounded by gossanous soil and rocks containing smithsonite, limonite and rare residual galena are exposed along it at intervals no more than 125m apart, with specific concentrations noted approximately 350m and 800m to the east of the Dynasty showing. Samples have ranged from negligible to 108 g/t Ag, 27.3% Zn and 9.79% Pb (Eaton, 2008).

The main **Pinpoint showing** comprises a 250 by 100m area of patchy mineralization on a west-facing slope, 1.5 km west of the Dynasty showing, with the top of the mineralized area marked by several small (up to 30 by 10m) gossans. Nine samples from the showing averaged 3.2% Zn (ranging from 0.6 to 7.9% Zn), with three of the samples averaging 9.9% Pb and four of the samples averaged 304 ppm Ga. Silver values ranged from negligible to 76.3 g/t. A hand trench did not return significant results. A strong, northeast trending topographic linear has been traced approximately 500m, cutting the ridge about 200m southeast of the original showing area with weakly smithsonite healed dolomite breccia and massive limonite blocks. Five samples of limonitic rubble to boulders from the northeast side of the ridge averaged 2.9% Zn with one sample returning 11.2% Pb with 192 ppm Ag (Mann, 2010). A sample, consisting of vuggy, sparry dolostone, with cavities filled with limonite and fine grained sphalerite, assayed 4.39% Zn from the southwest side of the ridge (Morton, 2016).

Mineralization may lie along the Dynasty stratigraphic horizon with fault control/disruption associated with a possible subsidiary fault to the Dynasty fault extension (Figure 7 of the Technical Report ).

### Hot West (Civic, Nanny, Boxer, Pitbull, Terrier and OT showings)

The **Civic showing** is located on a steep north facing talus slope, 1.1 km northwest of the Pinpoint showing. It comprises variably abundant, mineralized float that is scattered over an approximate 140 by 50m area, and in situ stratabound mineralization hosted in dolostone trending 268°/30°N. Mineralization in float primarily consists of rusty purple blocks of massive boxwork limonite up to 50 by 35 by 15 cm in size, while in situ mineralization comprises disseminated coarse grained sphalerite and oxide in metre scale karsted cavities. Mineralization has now been traced for about 500m along a northeast trend. Fourteen samples of oxidized material averaged 5.51% Zn (ranged from 1.96 to 29.7%Zn), with four averaging 1.01% Pb, and three samples at the top of the showing yielded an average of 2553 ppm Ni (to 4050 ppm Ni, the highest on the property) and 883 ppm Mo ppm (Eaton, 2009, Mann, 2010 and Morton, 2016).

Mineralization may lie along the Dynasty stratigraphic horizon with fault control/disruption associated with a subsidiary fault to the Dynasty fault (Figure 7 of the Technical Report).

The **Nanny showing** is located on a north-northeast trending ridge, about 2.5 km west of the Peak zone, possibly along the same stratigraphic horizon (Peak-Gataga-Dynasty horizon) and structural zone. Mineralization appears to be fault and/or fracture related since it is comprised of massive limonite, and limonite and smithsonite healed breccia with dolomite clasts, exposed as relatively linear, easterly trending talus trains. The float discontinuously covers a width of 10m where it crosses the ridgeline and was traced for 460m along an east-west trend following the Goat fault (Figure 7 of the Technical Report). Twenty samples from the showing averaged 16.4% Zn, with eight of those averaging 12.7% Pb, 162 g/t Ag, and 190 g/t Ga (Eaton, 2009, Mann, 2010 and Morton, 2016).

The **Boxer showing** lies along a north trending ridge about 220m south of the Nanny showing. Mineralization primarily occurs as interstitial galena, smithsonite and rare sphalerite in complex carbonate breccias (Photo 1), as well as a few cobbles of oxide material, exposed in talus over a strike length of 70m. Four specimen samples collected along the ridge crest, comprising carbonate breccias with matrix hosted mineralization, returned an average of 15.3 g/t Ag, 4.84% Zn and 2.14% Pb. A sample of punky limonite, with fine grained galena in fractures and envelopes of anglesite assayed 149 g/t Ag, 37.8% Zn and 16.5% Pb (Morton, 2016). Mineralization appears to be stratabound but lies along an easterly trending fault (Peak fault) which extends through the Peak zone (Figure 7 of the Technical Report).



Photo 1: Collapse breccias from Boxer showing, with interstitial, fine galena, sphalerite and smithsonite.

The **Pitbull showing** lies 390m east of the Boxer showing along a steep east flowing drainage, which may reflect a fault. It comprises a 30 by 30m area of mineralized talus, containing fine grained galena in cavities, bands and clots, which is sourcing from cliffs uphill. A composite sample yielded 186 g/t Ag, 10.1% Zn and 15.6% Pb (Morton, 2016). Mineralization may be stratabound but lies along the same easterly trending fault (Peak fault) as the Boxer showing.

The **Terrier showing** comprises a 250 by 140m zone of limonitic pebbles and boulders approximately 1 km west of the Nanny showing, from which 15 samples averaged 12.4% Zn and 0.12% Cu (60 to 2710 ppm), with six of those averaging 1.02% Pb and 326 g/t Ag, including the discovery sample which returned 1300 g/t Ag, 27.2% Zn, 30.3% Pb, 1090 g/t Ga and 0.195% Mo (Mann, 2010). The elevated copper and gallium are generally associated with high lead. A hand trench dug along the ridge crest above the discovery sample returned a composite assay from three continuous chip samples of outcrop and subcrop of 30 g/t Ag, 4.3% Zn and 1.8% Pb over 6.0m. Mineralization was thought to be related to a structure along a northeast trending gully, which was drill tested in 2010 with insignificant results. A composite sample collected 150m east of the gully in 2015 from another discrete northeast trending recessive

topographic linear, returned 41.8% Zn and 69.3 g/t Ag (Morton, 2016), but has not been followed up. Mineralization within both areas may be related to a possible more easterly trending structure (Goat fault) that transects the Nanny showing (Figure 7 of the Technical Report).

The **OT showing** is located in a gully at the top of a narrow valley, approximately 3 km northwest of the Terrier showing. Mineralization covers a 250 by 70m area of massive and cavity to fracture filling limonite and smithsonite, which appear to be associated with a northeast trending topographic linear. The linear may represent a subsidiary fault to the Dynasty fault which passes through the Dynasty showing (Figure 7 of the Technical Report). Results from 9 samples averaged 1.55% Zn, with two of them averaging 3.56% Pb, one with anomalous gallium of 190 ppm and another with 210 ppm Mo (Eaton, 2009). The southern extent of the showing crosses a ridge where four samples were collected averaging 1.86% Zn and 1.16% Pb with 0.20% Ni and 472 ppm Mo (Mann, 2010).

### **Polar area (Polar, Us and Scorpion showings)**

The **Polar showing** straddles a northwest trending ridge, 2.5 km southwest of the Peak zone. Mineralization comprises gossanous cavity, fracture and breccia filling smithsonite in dolomite with lesser limonite fragments, which appears to be associated with a complex, 250m wide series of northeast trending high angle faults. Sixteen samples of oxide material averaged 6.85% Zn, ranging from 2.05 to 22.5%, with one significant gallium value of 280 ppm, but no significant lead and silver (Eaton, 2009 and Morton, 2016). A hand trench returned 1.59% Zn over 3m with insignificant lead and silver.

The **Us showing** comprises an 80 by 750m, sporadically mineralized area about 600m southeast of, and exhibiting similar characteristics to, the Polar showing. Eight samples collected returned an average of 5.04% Zn, ranging from 2.86 to 15.2%, with no significant lead and silver (Eaton, 2009 and Morton, 2016). A hand trench returned 5.86% Zn over 2m. Mineralization appears to be associated with a northeast trending fault. A small, unexplored gossan lies about 550m southeast of this showing.

Both the Polar and Us showings appear to lie along the same stratigraphic horizon.

The **Scorpion showing** covers a 250 by 400m area of limonite talus with rare cores of residual galena along a ridge about 2.4 km south of the Polar showing. Six samples averaged 63.5 g/t Ag, 7.47% Zn and 14.1% Pb with a range of 29 to 145 g/t Ag, 1.56 to 29.2% Zn and 7.23 to 20.4% Pb; one sample contained 0.10% Cu (Mann, 2010). A hand trench returned 34.5 g/t Ag, 3.51% Zn and 8.79% Pb over 11m. An area of mineralized float, located 160m southeast of the showing, returned 62 g/t Ag, 1.56% Zn, 16% Pb. It may lie along the same stratigraphic horizon as the main ridgetop exposure at the Prairie Dog showing.

### **Heeler fault (Heeler, Prairie Dog and Lac Rob showings)**

The **Heeler showing** covers in situ oxidized silver-zinc-lead mineralization associated with a northeast trending fault, which has been traced over a strike length of 1.4 km and may extend to the Prairie Dog showing, an additional 0.9 km to the northeast. Mineralization consists of encrusting smithsonite, disseminated fine to medium grained sphalerite and residual clots of coarse grained galena, hosted in dark brown oxide. Two samples averaged 295 g/t Ag, 1.11% Zn and 7.43% Pb (Morton, 2016).

The **Prairie Dog showing** is located along the crest of a ridge, 2.3 km northeast of the Heeler showing, along the probable trend of the Heeler fault. Mineralization, which was observed on both sides of the ridge, consists of limonite blocks on the south side, and cavity, fracture and breccia filling smithsonite on the north. Smithsonite occurs in dolomite talus and outcrop. Nine samples of oxide average 14.0% Zn, with three of the samples averaging 154 g/t Ag and 34.7% Pb, and one sample yielded 240 ppm Mo and another 100 ppm Mo (Eaton, 2008 and Mann, 2010). Two samples collected in 2017, about 800m northwest along the trend of the Heeler fault ran 2.22 and 8.95% Zn, suggesting continuity towards the Lac Rob showing.

A number of northeast trending topographic linears dissect the ridge between the Prairie Dog showing and the Scorpion showing, 3 km to the west. In 2017, eighteen samples were collected within a 3 km by 1.2 km area, covering the area between the showings, with 11 of the samples ranging from 2.70 to 46.4% Zn, three of which returned 1.20 to 17.4% Pb associated with 41.8 to 121 g/t Ag (Morton, 2018).

Four of the anomalous values appear to be related to a possible subsidiary structure to the Heeler fault, approximately 700m southeast of the Heeler fault. Results are 30.5, 8.75, 3.17 and 2.70% Zn, the latter associated with 17.4% Pb and 121 ppm Ag. This structure may be related to the complex northeast trending structural environment (Polar fault) at the Polar showing, 3 km to the northeast. Values of 5.04 and 4.35% Zn are associated with another northeasterly trending structure which crosses the ridgeline a further 750m to the southeast. The remaining five anomalous values form a 700m diameter cluster of 2.92 to 46.4% Zn, associated with 6.2% Pb and 49.1 g/t Ag, approximately 1 km west of the Scorpion showing. There is no obvious structural control but it may lie along the same stratigraphic horizon as Scorpion and possibly the main ridgetop exposure at the Prairie Dog showing.

The **Lac Rob showing** is exposed on a ridge crest and adjacent south facing slope approximately 2.8 km northeast of the Prairie Dog showing, along the probable extension of the Heeler fault. Mineralization comprises smithsonite and limonite healed dolomite breccia and massive limonite blocks up to 50 by 30 by 25 cm within a 2m wide float train, traced for 60m. Three samples averaged 2.48% Zn and a sample from the northern extent of the showing returned 9.4% Zn from limonitic float.

### **Silver Matt zone**

The **Silver Matt zone** encompasses a 30 by 50m area of predominantly sulphide minerals in mineralized subcrop and outcrop approximately 9 km west of the Scorpion showing. It primarily comprises brown to black weathering, botryoidal, boxworked and brecciated semi-massive sulphides, including galena, sphalerite and rare chalcopyrite. Secondary minerals include anglesite, cerussite and limonite. Results from this showing range from 38.3 to 4180 g/t Ag, 0.6 to 47.5% Zn and 0.8 to 82.8% Pb (Mann, 2010). A hand trench across the zone returned 894 g/t Ag, 8.1% Zn and 46.9% Pb over an estimated true thickness of 1m. Mineralization appears to be controlled by a northwest trending structure. A second trench 275m above the first did not return significant results, but does not lie along the possible controlling structure. A sample 530m northwest of the main showing and along the trend of the structure, returned 168 g/t Ag, 2.85% Zn and 9.68% Pb (Morton, 2016).

### **Deposit Type**

The deposit model for the Project is the Mississippi Valley type (“MVT”) or the related carbonate hosted nonsulphide zinc type, likely forming from deep weathering of pre-existing Mississippi Valley type sulphide mineralization. The galena bearing sample submitted by Dynasty (probably from the Dynasty showing or Gully zone) for lead isotope dating showed markedly radiogenic lead, which is typical of MVT deposits.

It has previously been suggested in assessment reports on the Project that the locally high concentrations of silver, gallium, and bismuth suggests a higher temperature of formation on the Project than is common in most MVT and nonsulphide zinc deposits and localized concentrations of nickel, molybdenum and vanadium are also not expected. However, silver, antimony, arsenic, barium, bismuth, cadmium, cobalt, copper, gallium, germanium, indium, mercury, molybdenum, nickel, gold, indium, iron, manganese, tin and thallium can be present in the ores in MVT deposits (Leach et al., 2010). High but erratic gallium concentrations are fairly common and silver grades can be high in some deposits.

The following descriptions of the deposits are largely based on Leach et al. (2010) and Paradis et al. (2007) for MVT, and Paradis and Simandl (2011) and Hitzman et al. (2003) for nonsulphide zinc.

### **Mississippi Valley-Type Deposits**

MVT deposits are epigenetic, carbonate-hosted, predominantly sphalerite, galena, pyrite bodies that form from the upwelling of warm, saline, metalliferous hydrothermal fluids. They dominantly occur in dolostone as open space fillings, collapse breccias and/or replacement of reactive carbonate rocks. Fault breccias, permeable reefs, and slump breccias may also be mineralized. The dimensions of ore bodies are often difficult to establish due to their highly irregular shapes. Deposits may lie peripheral to basement highs and oriented along basement lineaments.

Commodities include zinc, lead, ± silver, with cadmium, germanium, barite and fluorite as by-products. Some deposits contain significant amounts of nickel, cobalt, copper, silver and antimony sulphides and sulphosalts. Regionally anomalous amounts of lead, zinc, copper, molybdenum, silver, cobalt, nickel, cadmium, magnesium and fluorine can be detected in insoluble residues of carbonate rocks. Zinc, lead, ± silver, copper, cadmium, germanium, nickel, molybdenum and cobalt are evident on the Michelle Project as well as barite and fluorite.

Gangue mineralogy consists of dolomite, pyrite, marcasite, quartz, calcite, gypsum. Dolomitization is the main alteration with extensive finely crystalline dolostone more regionally and coarse crystalline dolomite more common close to ore bodies. Extensive development of smithsonite, hydrozincite, willemite (zinc silicate), and hemimorphite (hydrated zinc silicate, hydroxide) are formed by weathering especially in nonglaciated regions. Galena is usually much more resistant to weathering than sphalerite. Fairly extensive and in places relatively deep weathering is evident on the Michelle Project due to the mainly unglaciated terrain and extensive faulting.

Examples include Nanisivik in Nunavut, Pine Point and Polaris in the Northwest Territories, Gays River in Nova Scotia, Old Lead Belt and Viburnum Trend in Missouri, United States. Many of the Canadian MVT deposits are located in the Mackenzie Mountains of Yukon and Northwest Territories, where hundreds of small occurrences and a few larger ones are hosted by Proterozoic to Devonian dolostone and limestone, near the boundary between the Selwyn Basin and Mackenzie Platform. Examples of deposits in this region include Gayna River, Bear-Twit, Goz Creek, Prairie Creek and Blende; the latter is an Irish type deposit, considered a subgroup of MVT deposits. Age of the mineralization is Proterozoic to Eocene with two peaks in Devonian to Permian and Cretaceous to Eocene time. The advanced stage proposed Prairie Creek mine is located approximately 700 km southeast of the Michelle Project.

### **Carbonate Hosted Nonsulphide Zinc Deposits**

Historically, nonsulphide zinc deposits have been significant producers of zinc, particularly in Europe, with the most notable example being the La Calamine ore body in Belgium (Boni et al., 2007). Other North American examples include Redbird, Lomond, Reeves MacDonald and Cariboo Zinc in British Columbia and Leadville in Colorado, USA. There are two types of nonsulphide zinc deposits, supergene and hypogene. Supergene deposits are more common and are widely distributed, whereas hypogene deposits are scarce.

Supergene nonsulphide zinc deposits are formed by the oxidation of pre-existing sulphide zinc deposits, primarily of MVT origin. Mineralization forms by one or a combination of the following processes: direct replacement; wallrock replacement and; residual and karst-fill. Michelle may have formed by a combination of all three processes.

These deposits typically consist of: an upper leached iron cap; a zone of in situ oxidized zinc and lead mineralization and; an adjacent zone of supergene enriched zinc mineralization. The leached iron cap is characterized by oxidized iron (limonite, hematite) and near absence of zinc minerals. It is underlain by an in situ oxidation zone, which comprises oxidized zinc minerals (smithsonite, hemimorphite and/or hydrozincite) with oxidized lead minerals (cerussite and/or anglesite) often encapsulating residual lead sulphide (galena). The supergene enrichment zone(s) lie peripheral to the oxidized zone, where secondary zinc minerals are precipitated through buffering reactions between circulating metal bearing groundwater and the carbonate wallrocks.

Most nonsulphide zinc deposits are formed in arid climates. Suitable conditions for deep oxidation of a pre-existing MVT deposit are currently found in the southern United States and northern Mexico, between latitudes 20° and 40°N. Four major deserts (Mojave, Great Basin, Sonoran and Chihuahuan) are located within these latitudes. Based on paleogeographic maps presented by Nelson and Colpron (2007), Yukon would have lain within these latitudes between Late Paleozoic and Early to Mid-Triassic time, during which time the Michelle nonsulphide zinc deposit may have formed. This is consistent with the probable Devonian to Mississippian age suggested by Godwin et al. (1988).

Preservation would be facilitated by the lack of glaciation across portions of the Project and the ice cover over other portions may have been thin, lying at the edge of regional glaciation. In addition, steeply dipping, rod-shaped deposits with their smallest dimension exposed at surface are far more likely to survive glacial scouring than flat-lying deposits with their largest dimension parallel to the erosion surface. Weak glaciation can benefit exploration by causing small scale dispersion of nonsulphide ore fragments from steeply dipping ore bodies, which otherwise may have remained hidden under a mantle of unmineralized carbonate talus.

Although the author makes general comparisons to the above mentioned deposit types, the reader is cautioned that the author cannot verify that these deposits are directly comparable with the mineralization at the Michelle property, which is the subject of this technical report.

### **Exploration**

Exploration work by Silver47 since the purchase of the Project consisted of 368.8m of RC drilling at a cost of approximately \$415,000 and will be discussed under section 10.0, “Drilling”.

A site visit was also completed by the author on the Project for Silver47 on November 1, 2021 after the completion of the 2021 exploration program, at which time the 2021 drill sites, select showings (Silver Matt, Gaynor, Gully and Peak) were examined and verification samples were collected from the 2015 Silver Matt and Gaynor trenches, which were targeted in the 2021 drill program. Select significant historical diamond drill core was examined at the Bostock core library in Whitehorse on November 18, 2021 and significant 2021 RC drill intersections were examined on March 7, 2022. The site visit will be discussed under section 12.0, “Data Verification”.

### **Drilling**

Silver47 completed 368.8m of RC drilling in six holes in 2021, since the completion of the Purchase Agreement, with two holes each on the Gully zone and the Silver Matt and Gaynor showings. A total of 5,000.3m of diamond drilling in 43 holes had been previously documented on the Project, carried out in three programs between 2007 and 2010 by Zinccorp. The drill programs are summarized below.

**Table 3: Drill program summary**

<b>Year</b>	<b>Company</b>	<b>Holes</b>	<b>Type</b>	<b>Size</b>	<b>Depth (m)</b>	<b>Samples</b>	<b>Target (no. of holes in bold)</b>
2007	Zinccorp	7	diamond	BTW	853.13	87	Gully <b>7</b>
2008	Zinccorp	26	diamond	BTW	3113.27	490	Gully <b>11</b> , Peak <b>15</b>
2010	Zinccorp	10	diamond	NTW	1033.88	18	Blender <b>5</b> , Terrier <b>4</b> , Peak <b>1</b>
2021	Silver47	6	RC	2 inch	368.8	220	Silver Matt, <b>2</b> Gaynor <b>2</b> , Gully <b>2</b>
<b>TOTAL</b>		<b>49</b>			<b>5369.08m</b>	<b>815</b>	

All drill holes are shown on the property geology map (Figure 7), with detail of the Gully zone holes in Figure 9 and the Peak zone holes in Figure 11. Most of the drilling has been completed on the Gully and Peak zones (2,112.9m in 20 holes and 2,118.7m in 16 holes, respectively) with the remaining 1137.5m on the Blender, Terrier, Gaynor and Silver Matt showings. Data concerning the 2007 drill program is sourced from Eaton (2008), the 2008 program from Eaton (2009), and the 2010 program from Liverton et al. (2011).

### **Procedure, Location and Recovery**

The 2007 and 2008 drill core was transported to Whitehorse and is stored at the H.S. Bostock Core Library, Yukon Geological Survey, Whitehorse. The 2010 core was transported to the former Klondike Silver camp on Eldorado Creek, south of Dawson, for logging and is believed to be stored at this location. The 2021 RC chip trays are stored at the Whitehorse facility of Archer Cathro. In the drill tables “Elev” denotes elevation, “Az.”, azimuth, “TW”, true width and “Rec”, core recovery and EOH refers to end of hole in reference to drill holes.

The historical drill hole specifications are summarized on the following page.

Drilling in 2007 and 2008 utilized a helicopter portable JKS Super-300, diesel-powered drill equipped with BTW wireline tools and was completed by Elite Diamond Drilling Inc. of Revelstoke, British Columbia, with Beaudoin Diamond Drilling Ltd. of Courtney, British Columbia also drilling with the same type of equipment during the 2008 program. The 2010 drilling was completed by Kluane Drilling Ltd. of Whitehorse, Yukon Territory, utilizing a

helicopter portable proprietary Kluane drill, equipped with NTW wireline tools. The diamond drill holes were sighted in by compass and some limited downhole surveying was performed in 2008 using an Icefield survey tool. However, due to freezing groundwater, downhole surveying could not be safely performed; the holes that were surveyed showed significant deviations in the azimuth.

**Table 4: Historical diamond drill hole specifications**

Hole No.	Target	Easting (m)*	Northing (m)*	Elev (m)	Az. (°)	Dip (°)	Length (m)
MCH-07-01	Gully	372817	7208214	1499	270°	45°	99.67
MCH-07-02	Gully	372817	7208214	1499	270°	60°	142.34
MCH-07-03	Gully	372817	7208214	1499	310°	45°	96.62
MCH-07-04	Gully	372744	7208451	1417	000°	60°	130.15
MCH-07-05	Gully	372744	7208451	1417	000°	90°	139.29
MCH-07-06	Gully	372744	7208451	1417	090°	45°	102.72
MCH-07-07	Gully	372744	7208451	1417	090°	70°	142.34
MCH-08-08†	Peak	368384	7207317	1686	178°	50°	93.57
MCH-08-09†	Peak	368380	7207382	1656	178°	45°	41.76
MCH-08-10	Peak	368380	7207382	1656	178°	45°	288.65
MCH-08-11	Peak	368278	7207208	1731	002°	45°	145.39
MCH-08-12	Peak	368278	7207208	1731	002°	67°	128.93
MCH-08-13	Peak	368281	7207288	1721	178°	60°	53.95
MCH-08-14	Peak	368294	7207368	1692	178°	45°	124.06
MCH-08-15	Peak	368199	7207481	1677	178°	45°	245.98
MCH-08-16	Gully	372693	7208351	1440	100°	45°	167.03
MCH-08-17a †	Peak	368189	7207330	1695	178°	45°	17.37
MCH-08-17b	Peak	368189	7207330	1695	178°	50°	127.1
MCH-08-18	Gully	372678	7208229	1458	090°	45°	90.53
MCH-08-19	Gully	372682	7208154	1432	100°	45°	89
MCH-08-20	Gully	372749	7208451	1417	135°	45°	86.87
MCH-08-21	Peak	368189	7207330	1695	178°	72°	130.15
MCH-08-22	Peak	368600	7207133	1664	288°	45°	148.44
MCH-08-23	Gully	372749	7208451	1417	045°	45°	138.69
MCH-08-24	Peak	368600	7207133	1664	288°	58°	197.21
MCH-08-25	Gully	372744	7208512	1375	090°	45°	57
MCH-08-26	Gully	372836	7208594	1356	270°	45°	69.19
MCH-08-27	Gully	372836	7208594	1356	000°	45°	78.33
MCH-08-28	Gully	372836	7208594	1356	000°	90°	53.95
MCH-08-29	Gully	372939	7208584	1378	270°	60°	131.37
MCH-08-30	Gully	372749	7208451	1417	270°	70°	185.02
MCH-08-31	Peak	368384	7207317	1686	178°	45°	133.2
MCH-08-32	Peak	368281	7207288	1721	133°	45°	90.53
MCH-10-01	Blender	369200	7207112	1350	270°	45°	126.49
MCH-10-02	Blender	369200	7207112	1350	90°	55°	126.49
MCH-10-03	Terrier	365193	7207397	1646	86°	45°	76.2
MCH-10-04	Terrier	365193	7207397	1646	86°	80°	57
MCH-10-05	Terrier	365100	7207365	1603	334°	45°	161.54
MCH-10-06	Terrier	365100	7207365	1603	334°	75°	97.54
MCH-10-07	Blender	369200	7207112	1350	002°	45°	91.44
MCH-10-08	Blender	369200	7207112	1350	002°	75°	51.82

MCH-10-09	Blender	369220	7207320	1351	170°	49°	92.96
MCH-10-10	Peak	368585	7207414	1556	155°	45°	152.4
<b>TOTAL</b>							<b>5000.28</b>

† hole abandoned; ‡ denotes hole lost and re-drilled, core was not logged in detail \* co-ordinates in UTM Nad 83, zone 8

Core recovery averaged 93% in the 2007 and 87% in the 2008 programs, but was variable with sections of much lower recovery through fault and breccia zones. Core recovery averaged 98% in the 2010 program, which utilized larger diameter core tools than the previous programs, with some low recoveries encountered only in the very top of some holes due to overburden/talus cover. Specific core recovery issues will be discussed under section 10.2, “Results”.

Silver47’s 2021 RC drill program was completed by Vision Quest Exploration & Drilling, Whitehorse, Yukon Territory, using a helicopter portable RC Hornet drill and managed by Archer Cathro. The holes were surveyed in using a GPS and compass. Two holes each targeted the not previously drilled 2015 Silver Matt and Gaynor trenches, and two holes targeted the southern extension of the Gully zone, along the Gully fault. Drill hole specifications are tabulated below.

**Table 5: 2021 RC drill hole specifications**

Hole No.	Target	Easting (m)*	Northing (m)*	Elev (m)	Az (°)	Dip (°)	Length (m)	No. of Samples
MCH-21-001	Gully	372711	7208424	1428.1	100	-45	22.86	hole lost
MCH-21-002	Gully	372693	7208351	1449	-	-90	89.92	59
MCH-21-003	Gaynor	370479	7207894	1488	130	-80	70.1	46
MCH-21-004	Gaynor	370479	7207894	1488	130	-45	70.1	46
MCH-21-005	Silver Matt	358625	7201959	1379.7	200	-55	60.96	35
MCH-21-006	Silver Matt	358625	7201959	1379.7	-	-90	54.86	34
<b>TOTAL</b>	<b>6 holes</b>						<b>368.8m</b>	<b>220</b>

\* co-ordinates in UTM Nad 83, zone 8

MCH-21-001 was lost at 22.86m due to stuck rods and the pad required rebuilding so the drill was moved to the second proposed hole. Sample recovery was generally good in the 2021 program. Two five foot intervals, from 19.81 to 22.86m in hole MCH-21-005 are missing in the chip tray. However, all samples from the hole were assayed and no samples were missing; drillers probably forgot to place chips in the tray.

## Results

Due to extensive talus cover, tracing of the mineralized talus boulders, cobbles and pebbles exposed on the Project by geological mapping and trenching is difficult leading to drilling of the showings without an indication of trends or controls on mineralization. Initial drill holes may not be oriented correctly and more drill holes are required to ascertain the nature and trend of mineralization.

Significant diamond drill results are tabulated on the following page, with grades calculated as weighted averages, and significant cross sections are shown in Figures 8, 10 and 12.

**Table 6: Significant diamond drill results**

Hole No.	Zone	From (m)	To (m)	Interval (m)	TW (m)	Ag (g/t)	Zn (%)	Pb (%)	Zn+Pb (%)
<b>MCH-07-04</b>	<b>Gully</b>	70.35	95.75	25.4	25	0.3	1.64	0.03	1.67
including		<b>93.57</b>	<b>95.75</b>	<b>2.18</b>	<b>2.1</b>	<b>0.9</b>	<b>10.15</b>	<b>0.23</b>	<b>10.38</b>
MCH-07-05	Gully	64.23	65.27	1.04	1.0	0.9	1.54	0.01	1.55
		67.13	68.85	1.72	1.7	0.3	2.2	0.01	2.21
<b>MCH-07-06</b>	<b>Gully</b>	<b>35.66</b>	<b>53.95</b>	<b>18.29</b>	<b>18.29</b>	<b>310</b>	<b>16.75</b>	<b>8.86</b>	<b>25.61</b>
including		<b>45.22</b>	<b>53.16</b>	<b>7.94</b>	<b>7.94</b>	<b>511</b>	<b>22.71</b>	<b>17.38</b>	<b>40.09</b>
<b>MCH-07-07</b>	<b>Gully</b>	<b>47.85</b>	<b>57</b>	<b>9.15</b>	<b>8.13</b>	<b>2.1</b>	<b>12.62</b>	<b>0.1</b>	<b>12.72</b>
including		<b>49.1</b>	<b>53.3</b>	<b>4.2</b>	<b>3.73</b>	<b>2.6</b>	<b>23.98</b>	<b>0.18</b>	<b>24.16</b>
MCH-08-16	Gully	42.6	43.85	1.25		1	1.04	0.06	1.1
		44.78	45.8	1.02		1	1.57	0.07	1.64
<b>MCH-08-20</b>	<b>Gully</b>	<b>26.78</b>	<b>36.18</b>	<b>9.40 †</b>	<b>7.07</b>	<b>152</b>	<b>5.36</b>	<b>16.36</b>	<b>21.72</b>
		36.18	39	2.82 †	2.12	1	1.94	0.06	2
		40.75	42.19	1.44 †	1.08	1	1.04	0.01	1.05
		<b>53.67</b>	<b>60.38</b>	<b>6.71 †</b>	<b>5.05</b>	<b>4</b>	<b>15.04</b>	<b>0.07</b>	<b>15.11</b>
including		<b>54.77</b>	<b>58.23</b>	<b>3.46 †</b>	<b>2.82</b>	<b>6</b>	<b>27.73</b>	<b>0.13</b>	<b>27.86</b>
MCH-08-23	Gully	54.57	56.34	1.77 †		1	1.92	0.11	2.03
		74.13	75.52	1.39 †		1	1.27	0	1.27
		78.13	107.29	29.16 †		2	1.56	0.02	1.58
including		79.62	80.72	1.10 †		4	4.49	0.97	5.46
MCH-08-26	Gully	17.91	24.37	6.46 †		1	1.03	0.02	1.05
MCH-08-27	Gully	26.39	28.83	2.44 †		1	1.62	0.04	1.66
MCH-08-28	Gully	8.33	10.17	1.84 †		1	1.92	0.01	1.93
		12.37	14.26	1.89 †		1	1.17	0	1.17
		19.87	21.35	1.48 †		3	2.05	0.08	2.13
MCH-08-30	Gully	76.27	77.28	1.01 †		1	1.18	0.01	1.19
		95.54	99.34	3.80 †		1	1.07	0.06	1.13
<b>MCH-08-32</b>	<b>Peak</b>	19.58	21.22	1.64 †		0	1.24	0.05	1.29
		<b>28.89</b>	<b>53.43</b>	<b>24.54 †</b>		<b>347</b>	<b>1.20</b>	<b>3.29</b>	<b>4.49</b>
including		<b>40.04</b>	<b>43</b>	<b>2.96 †</b>		<b>2134</b>	<b>0.55</b>	<b>15.18</b>	<b>15.73</b>
and		50.85	52.43	1.58 †		121	8.10	0.22	8.32
MCH-08-11	Peak	60.05	71.74	11.69 †		60	3.69	0.5	4.19
		82.08	95.39	13.30 †		24	3.31	0.39	3.7
including		85.32	90.67	5.34 †		24	4.79	0.46	5.25
		103.17	113.32	10.15 †		10	3.55	0.08	3.63
		117.96	120.16	2.20 †		1	1.28	0	1.28
		124.6	126.46	1.86 †		1	1.4	0.01	1.41
<b>MCH-08-13</b>	<b>Peak</b>	<b>26.95</b>	<b>29.92</b>	<b>2.97</b>		<b>451</b>	<b>1.59</b>	<b>7.16</b>	<b>8.75</b>
		38.82	42.15	3.33		57	1.46	0.3	1.76
MCH-08-14	Peak	47.44	49.1	1.66		4	1.8	0.04	1.84
		102.05	103.05	1		3	1.78	0.02	1.8
MCH-08-17	Peak	18.92	20.42	1.5		76	2.04	3.13	5.17
		60.1	68.86	8.76		12	2.77	0.21	2.98
<b>MCH-08-21</b>	<b>Peak</b>	9.8	17.32	7.52		52	1.25	6.85	8.1
including		<b>14.4</b>	<b>17.32</b>	<b>2.92</b>		<b>133</b>	<b>0.34</b>	<b>17.58</b>	<b>17.92</b>
		65.69	68.59	2.9		113	1.9	0.8	2.7
MCH-10-09	Blender	79.86	80.47	0.61		3.54	0.50	0.42	0.91

The interval represents the downhole intersection length and true widths (TW) could not be reliably calculated unless shown; intercepts marked by † are believed to be less than 90% of the true width

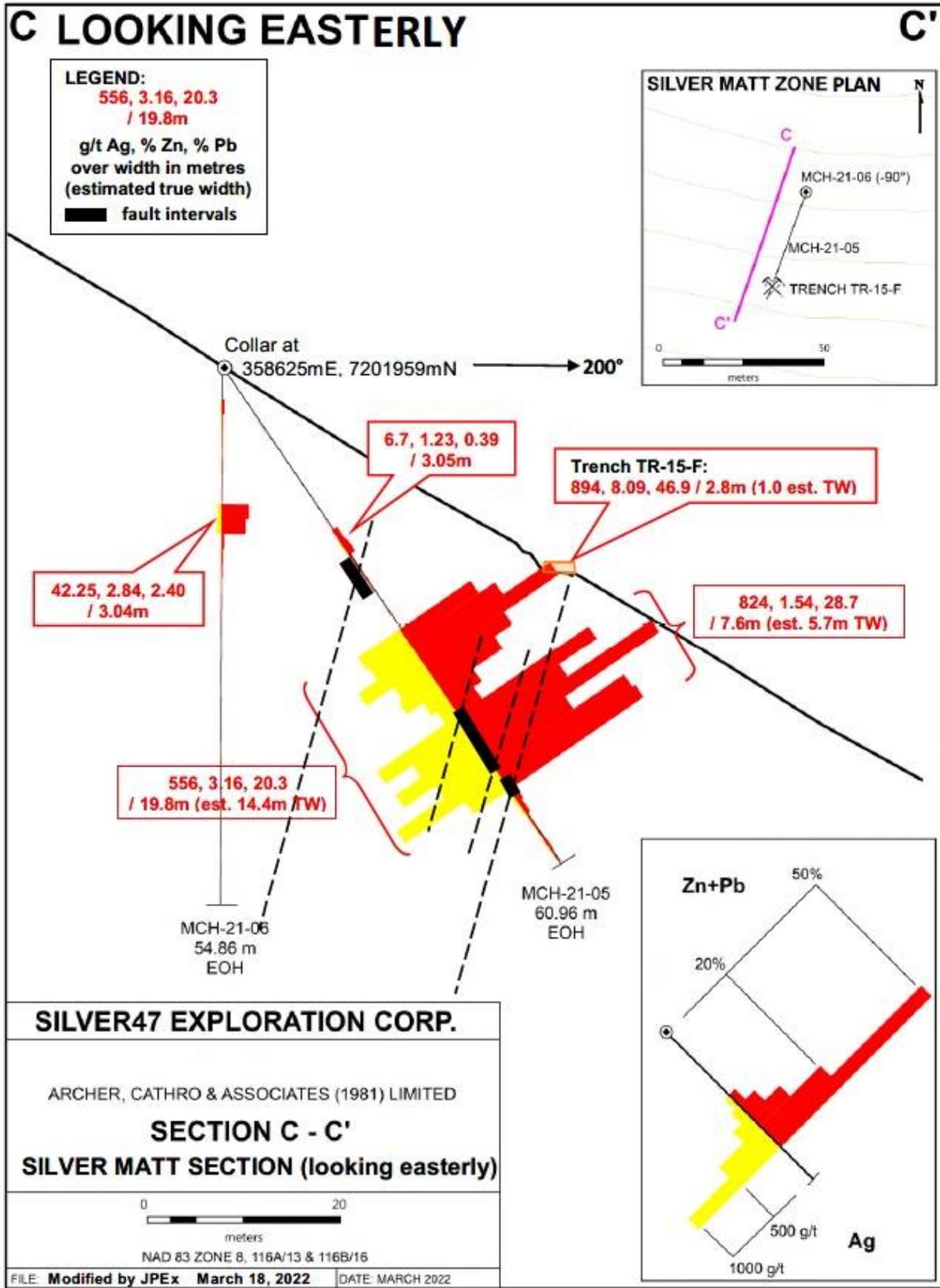


Figure 8: Silver Matt Section (looking easterly)

Results from the 2021 RC drill program are tabulated below.

**Table 7: Significant 2021 RC drill results**

Hole No.	Zone	From (m)	To (m)	Interval (m)	TW (m)	Ag (g/t)	Zn (%)	Pb (%)	Zn+Pb (%)
MCH-21-002	Gully	62.48	71.63	9.15		0.8	1.01	0.03	1.04
including				1.53		0.9	2.30	0.10	2.40
MCH-21-003	Gaynor	7.62	9.14	1.52		9.1	1.39	0.54	1.93
MCH-21-005	Silver Matt	19.81	22.86	3.05	2 - 2.2	6.7	1.23	0.39	1.62
including		<b>32.00</b>	<b>51.82</b>	<b>19.82</b>	<b>14.4</b>	<b>556</b>	<b>3.16</b>	<b>20.30</b>	<b>23.46</b>
including		42.67	50.29	<b>7.62</b>	<b>5.7</b>	<b>824</b>	<b>1.54</b>	<b>28.67</b>	<b>30.21</b>
MCH-21-006	Silver Matt	13.72	16.76	3.04	3.0	42.25	2.84	2.40	5.24

NB Interval represents the downhole intersection length and true widths (TW) are estimated only.

### Silver Matt Zone

Hand trenching on the showing, discovered in 2009, yielded 894 g/t Ag, 8.09% Zn and 46.9% Pb over 2.8m (1.0m TW) from a hand trench in 2015. The showing was successfully reverse circulation drilled in 2021, the first drilling on the showing, upgrading the showing to a zone. The first hole (MCH-21-005) intersected a 3.05m interval of low grade material (chips missing from tray) at 19.81m, followed by a 4.57m brownish muddy interval (fault) and 4.57m of limestone. From 32.00m, this was followed by oxidized limestone and a muddy interval to 51.82m, which returned 555.9 g/t Ag, 20.30% Pb and 3.16% Zn over 19.82m (Figure 8). The higher grade interval within this corresponds to the brown, muddy zone, probably reflecting a fault. The intercept lies about 17m below the trench and an apparent 75° dip is suggested since the zone was not intersected in the vertical hole from the same setup (MCH-21-006). MCH-21-006 intersected 42.25 g/t Ag, 2.40% Pb and 2.84% Zn over 3.04m. This interval and the upper interval in MCH21-005 may represent stratabound mineralization.

### Gully Zone

The majority of drill holes on the Gully zone intersected laminated to thickly bedded, light to medium grey weathering limestone, which is cut by carbonate filled veinlets and veins that predate mineralized fracturing and faulting (Figure 9). Minor limonite, ± trace smithsonite, occasionally fill common cavities in carbonate filled structures where calcite has been leached by groundwater. Local decomposition of limestone to silt and sand sized particles is present which may represent karst fillings. Dark grey, banded to massive and saccharoidal, unaltered, limey siltstone of the Gillespie Lake Group was encountered in holes MCH-08-25 to -30. The Gully fault was found to trend 182°/40-45°W and shows reverse movement with the east side down (Figure 10).

MCH-07-01, -02 and -03 were drilled within the footwall of the north trending Gully fault and indicated a westerly dip to the structure. MCH-07-04 to -07 were drilled from a single pad more directly targeting the showing from the west side of the Gully fault (Figure 10). MCH-07-06, which cut directly across the moderately west dipping Gully fault, intersected 309.5 g/t Ag, 16.76% Zn, 8.87% Pb and 132 ppm Ga over an approximate true width (“TW”) of 18.3m, including 510.7 g/t Ag, 22.72% Zn, 17.38% Pb and 253 ppm Ga over 7.9m TW. The intersection consisted of 7m of vuggy, dolomitized limestone, with abundant, cavity filling, boxwork limonite and smithsonite, and a series of galena veins, up to 3 cm wide followed by an 11m wide crackle breccia, with abundant smithsonite and rare residual galena.

MCH-07-07 intersected the mineralized fault 22m down dip of the MCH-07-06 intersection returning 2.1 g/t Ag, 12.62% Zn and 0.10% Pb over 8.1m TW, including 2.7 g/t Ag, 21.92% Zn and 0.17% Pb over 3.7m TW and consisted of intensely oxidized breccia with fracture filling boxwork limonite, and about 2% smithsonite (Eaton, 2009).

MCH-08-20 intersected the mineralized fault approximately 50m along strike to the south of the MCH-07-06 intersection returning 190 g/t Ag, 5.36% Zn, 16.38% Pb and 870 ppm Ga over 7.1m TW (Eaton, 2009).

Only 72-74% recovery was obtained in the significant MCH-07-06 and -07 intersections and 70% in the last 3m of the MCH-08-20 intersection, with only 40% recovery in the following lower grade interval. Poor recoveries can reduce the assay values due to the loss of soft oxide or sulphide bearing intervals. The 29.16m mineralized interval in MCH-08-23 had only 76% recovery with only 30% recovery in the last 6m.

In addition to the high grade, structurally controlled mineralization, stratabound and intercalated, lower grade mineralization was intersected near the base of the Bouvette Formation, where it lies unconformably above the Gillespie Lake Group. MCH-07-04 and MCH-08-26, -27 and -28 all intersected this style of mineralization with 0.3 g/t Ag, 1.64% Zn and 0.03% Pb over 25.4m, including 1.0 g/t Ag, 10.15% Zn, 0.23% Pb in MCH-07-04. The shorter mineralized intervals in MCH-08-26 to -28 ranged from only 63 to 81% recovery.

Assays returned much higher values than were anticipated from visual estimates and all of the mineralized intercepts appear to be hosted by dolomitized limestone, typical in this deposit type. None of the drill holes have intersected the Gully fault below the unconformity between the Bouvette Formation and the Gillespie Lake Group.

The 2021 RC drilling on the Gully zone targeted the Gully fault down dip of the significant MCH-08-20 intercept, and a narrow zinc intercept in MCH-08-16. The first hole was lost but MCH21-002 intersected 1.01% Zn over 9.15m from 62.5m, with no significant silver or lead values. The intercept lies just above the Gully fault, which was intersected from 71.63 to 74.68m, and consisted of limy, intensely orange-brown, earthy oxide with no obvious sulphide minerals.

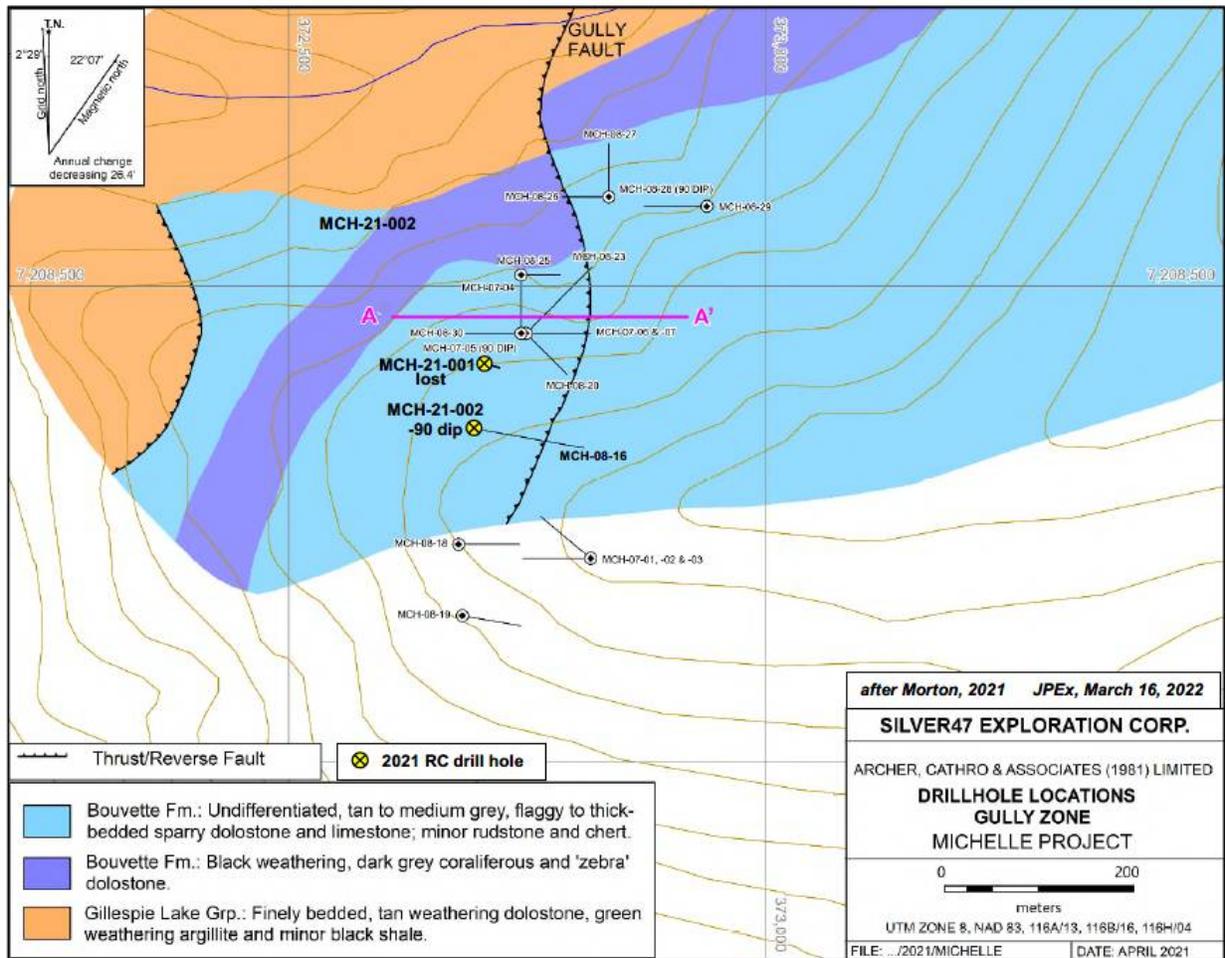


Figure 9: Drillhole Locations Gully Zone

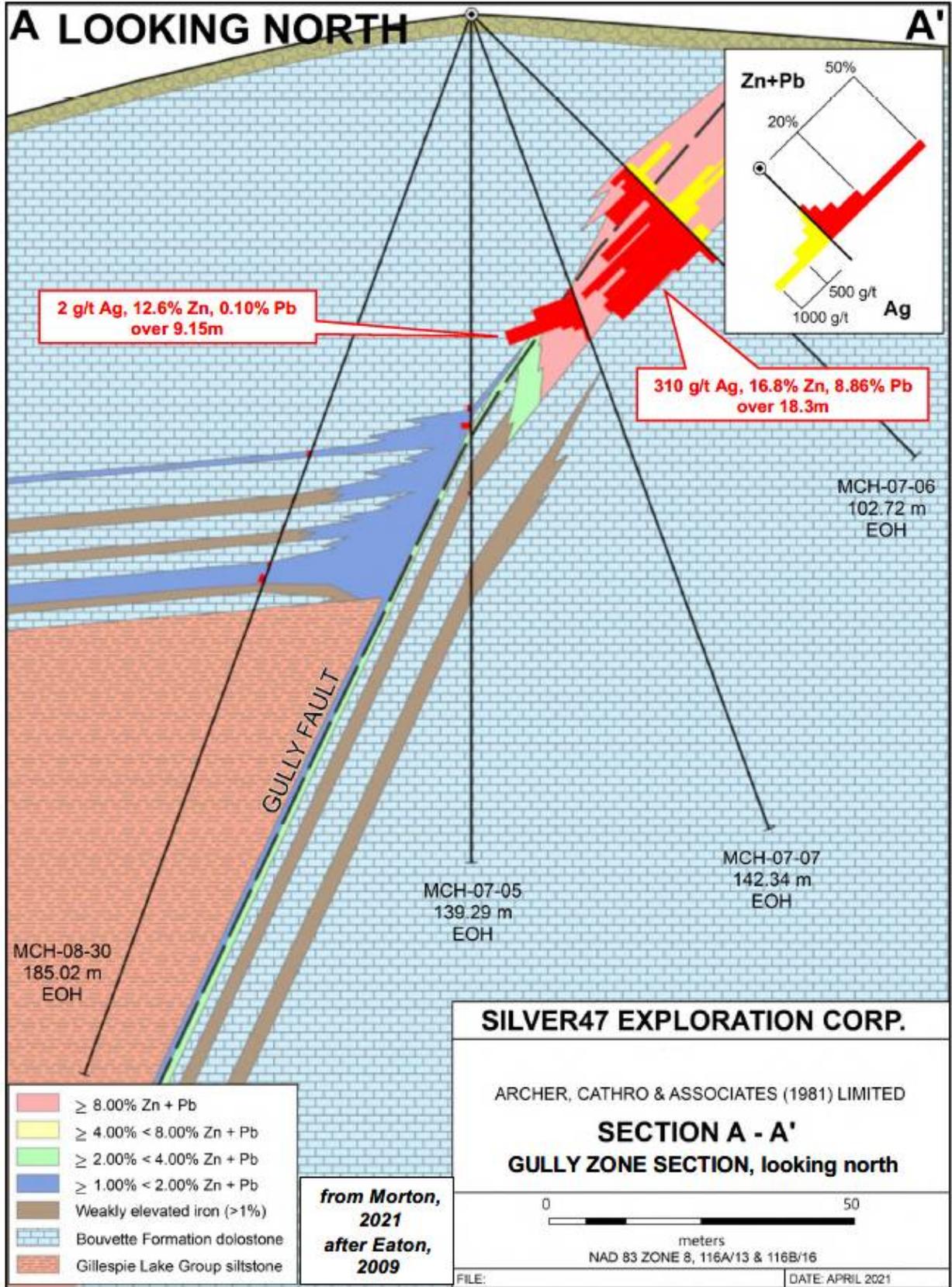


Figure 10: Section A-A' Gully Zone Section, looking north

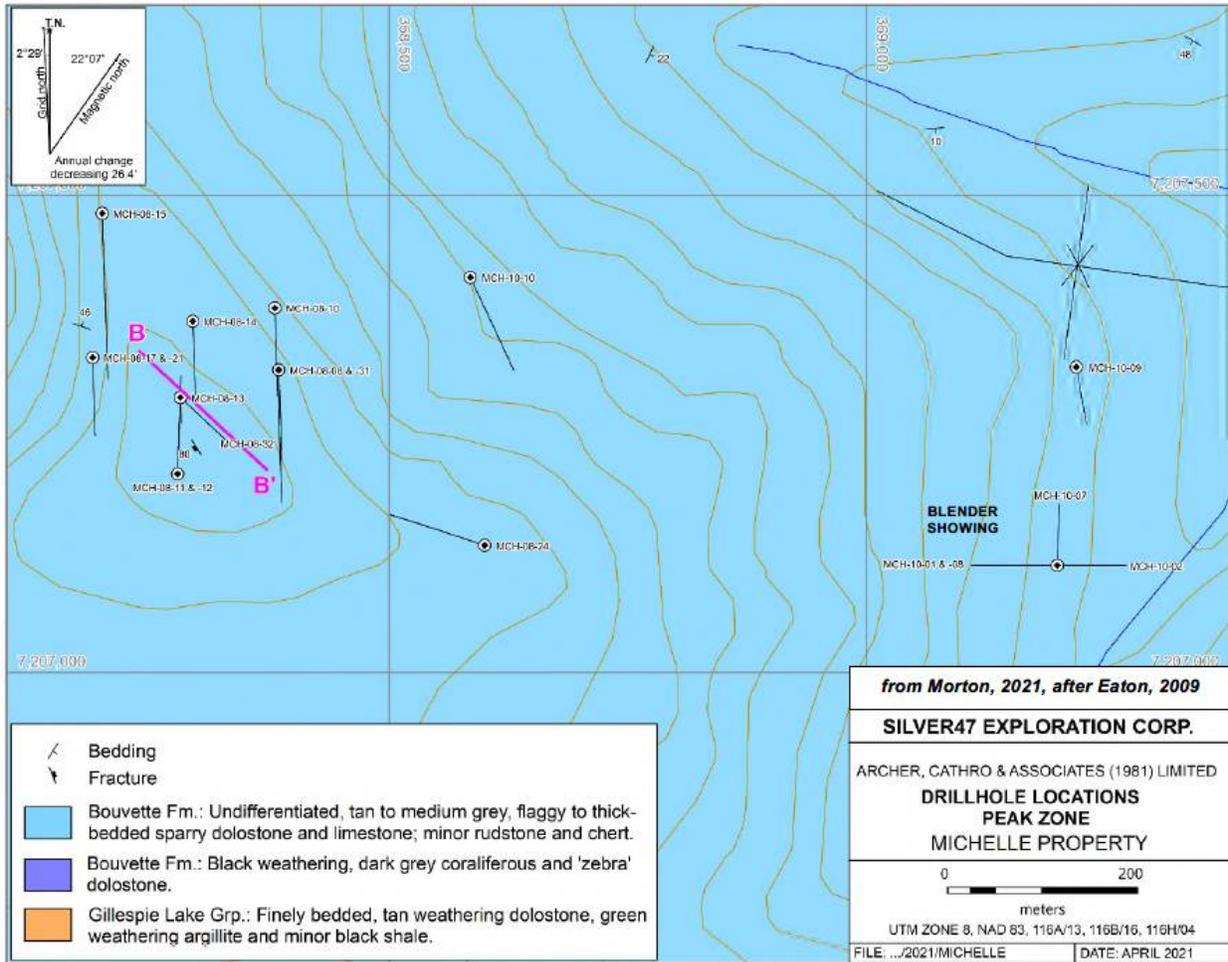


Figure 11: Drillhole Locations Peak Zone

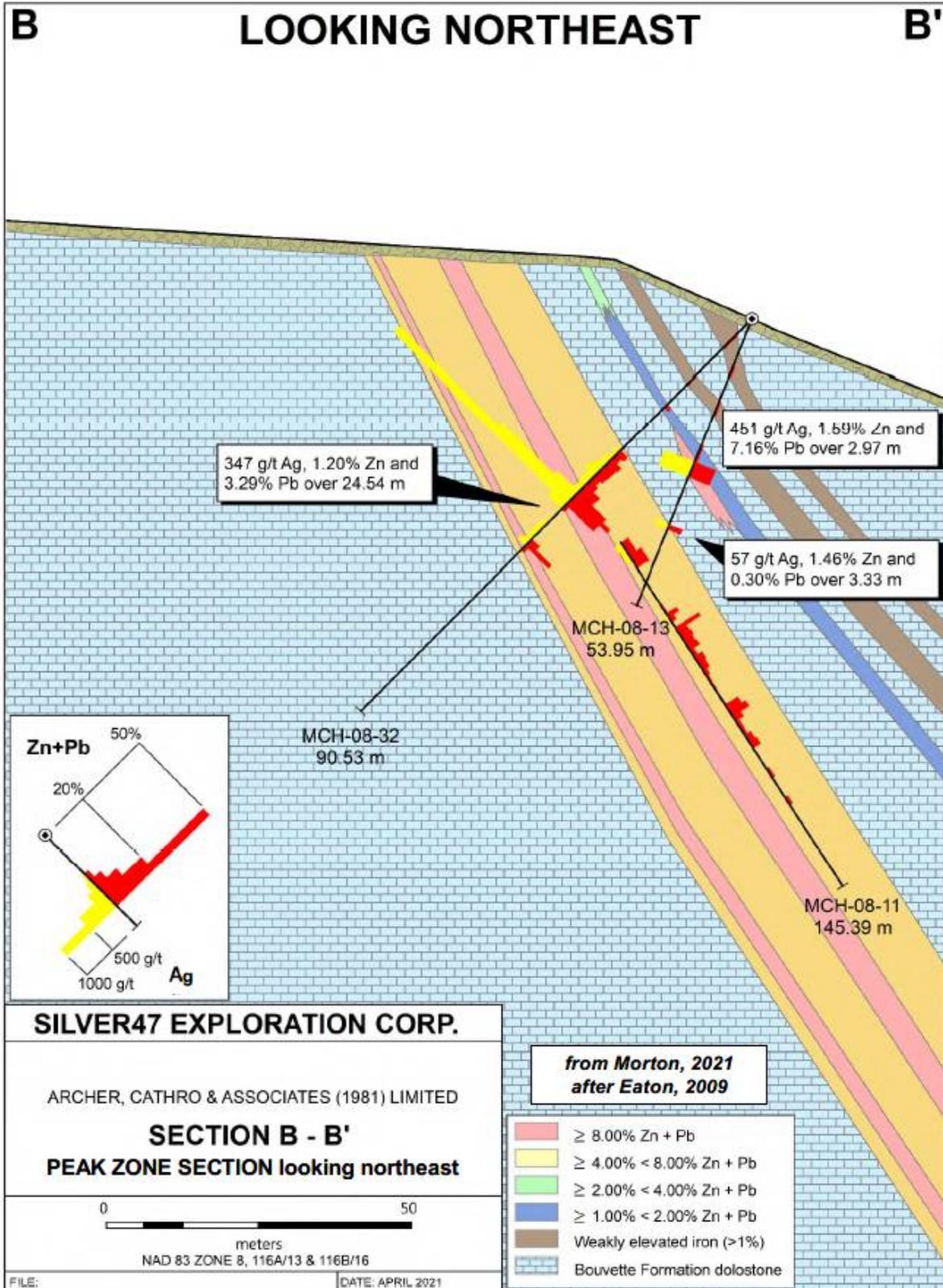


Figure 12: Section B - B' Peak Zone Section looking northeast

## Peak Zone

Drilling on the Peak zone targeted a west striking, moderately north dipping, mineralized structure that was inferred by prospecting and geochemical sampling. All holes intersected dolostone of the Bouvette Formation. Three of the sixteen holes drilled were lost and redrilled (MCH-08-08, -09, -17a). Two holes (MCH-08-22 and -24), located about 250m east of the nearest surface exposure of the west striking structure, tested two north striking, steeply dipping secondary faults, which are marked by prominent outcrops of massive, dark brown limonite at surface and returned weak zinc and strong gallium values. The holes encountered the structures with low grades.

Drilling demonstrated that most of the surface mineralization and geochemical response is derived from two sub-parallel east-west zones, which vary in thickness along strike and are defined by brecciation and secondary oxide and carbonate mineralization. The most northerly zone is the stronger of the two and returned the most significant drill intercept on the Peak zone with 347 g/t Ag, 1.20% Zn and 3.29% Pb over a width of 24.54m from 29m, including 2134 g/t Ag, 0.55% Zn and 15.18% Pb over 2.96m in MCH-08-32 (Eaton, 2009) (Figure 12). Subordinate, northeast striking, steeply dipping structures were also identified through drilling, the exact nature of which are poorly understood.

## Other drilling

The five drill holes targeting the **Blender** showing in 2010 were drilled from 2 pads (MCH-10-01, -02, -07 and -08 from a single drill pad, with MCH-10-09 collared 200m to the north). MCH-10-09 intersected several sections of limestone that had decomposed to silt and sand sized particles, interpreted as karst fillings, as well as sections hosting abundant limonite. This hole yielded 3.54 g/t Ag, 0.50% Zn and 0.42% Pb over 0.61m, the most significant result of the 2010 program (Liverton et al., 2011). The mineralized iron oxide boulders and pebbles collected on surface were thought to represent a residual accumulation from weathering rather than minor remnants of an easily eroded zone, and therefore talus was spread downslope, increasing the apparent size (Liverton et al., 2011). Despite the location within a recessive weathering lineament no significant structures were intersected (Liverton et al., 2011). Not all sections with oxidation reported were assayed. The source area may still be from further uphill.

Four holes targeted the **Terrier** showing in 2010 targeting two northeast trending mineralized talus trains. No significant results were obtained (Liverton et al., 2011). It is highly possible the mineralization here is associated with an easterly trending structure, the Goat fault, which may transect and control mineralization at the Nanny zone. The talus trains may simply represent downhill dispersion from the structure, situated on the uphill side of the mineralized talus and the drill hole traces. Based on the northerly dips to the Peak structure, southerly directed drill holes may be required to target the structure. Hand trenching on the uphill side of the northeast trending talus trains may be useful in exposing in situ mineralization to determine orientation and nature.

Two of the 2021 RC drill holes targeted the 2015 **Gaynor** hand trench which returned 370.7 g/t Ag, 2.2% Zn and 14.8% Pb over 17m, but did not intersect significant results overall. The only significant intercept was 1.39% Zn with 9.0 g/t Ag and 0.54% Pb over 1.53m at 7.62m in MCH-21-003. The intercept appears to represent a bedding parallel pod. Two such bedding parallel horizons, marked by oxidation, are evident within MCH-21-003 and -004, with slightly elevated zinc values. Bedding appears to dip to the southeast, with the Gaynor trench marking the top of a significant lens. It is also possible that the mineralization exposed at the trench is related to a steeply dipping fault (the possible Gaz fault, a subsidiary to the Gully fault). Additional trenching and drilling is necessary to determine the nature and orientation of the showing.

Drill sampling methods are discussed under Section 11.0, "Sample Preparation, Analyses and Security", below.

## Sample Preparation, Analyses and Security

All drill collar locations are marked with a 1m long 4"x4" timber affixed with a metal tag listing the hole number, azimuth, dip and total depth. Survey control was established by handheld GPS.

The procedures for the 2021 drill program are summarized from information provided by Jack Morton of Archer Cathro who managed the Silver47 program. All of the 2021 RC drill samples were collected continuously from top to bottom of the holes at 1.52m intervals, except for the 22.86 metres drilled in abandoned hole MCH-21-001.

Representative chips were catalogued from every sample into chip trays, which were photographed, logged, and stored for future reference at Archer Cathro's Whitehorse facility.

Pulverized RC cuttings were deposited from the cyclone into a 20 litre bucket, which was then emptied into a riffle splitter with adjustable dividers, in order to create two representative subsamples. The 2021 subsamples were divided in a 3:8 ratio, with the smaller, approximately 8 to 12 kg sample, bagged for analysis, and the remainder discharged on site. Samples were double bagged in 6 mm plastic bags, along with a pre-numbered sample tag. Chips from each sample were collected and deposited into individual compartments into a plastic chip tray, with the hole number and sample intervals marked prior to being zip-tied shut. Two such intervals were missed from 19.81 to 22.86m in MCH-21-005. The cyclone was cleared with pressurized air and the splitter was fully unloaded between samples.

Samples were transported by helicopter to a staging area where they were grouped into batches for shipping and quality control and quality assurance ("QAQC") purposes. Two blank samples, one certified assay standard sample, and one coarse reject duplicate ("CRD") sample were inserted into every batch, typically on a regular schedule of one every tenth sample, for a total of 25 QAQC samples (6 standards, 13 blanks and 6 CRD's).

The assay standard used was CDN-ME-8 ( $61.7 \pm 4.7$  g/t Ag,  $0.103 \pm 0.008\%$  Cu  $1.94 \pm 0.08\%$  Pb,  $1.92 \pm 0.08\%$  Zn) prepared by CDN Resource Laboratories Ltd. of Delta, British Columbia and certified for silver, copper, lead and zinc (certificates can be viewed at <http://www.cdnlabs.com/Certificates.htm>). The sample blanks were prepared from commercially available marble. The standards and blanks returned results within acceptable limits indicating the analytical results had an acceptable degree of precision and were free from contamination during sample preparation. Sampling appears reliable and representative of the mineralization.

Samples were weighed and two or three placed into a fiberglass bag for shipment, sealed with a zip-tie and a locking, numbered security tag with the batch and sample numbers written on the outside of each fiberglass bag using a permanent felt pen. All samples were controlled by employees of Archer Cathro until they were delivered directly to the Whitehorse, Yukon Territory preparation facility of ALS Canada Minerals Laboratory ("ALS"). The samples were prepared by crushing to 70% passing less than 2 mm, then pulverizing a 250g split of the minus 2mm material to better than 85% passing 75 microns, reserving the fines for analysis. Samples were then internally sent to ALS in North Vancouver, British Columbia for analysis by four acid digestion followed by inductively coupled plasma ("ICP")-mass spectroscopy ("MS") for 48 elements (ME-MS61).

The 2021 verification samples collected by the author were personally delivered by the author to the Whitehorse facility of ALS. Where they were prepared and internally sent to ALS' North Vancouver facility for analysis. Sample preparation and analysis was the same as for the 2021 RC samples discussed above.

The exploration programs from 2006 to 2008 and from 2014 to 2017, inclusive, were managed by Archer Cathro and all samples collected from the Project during this time were controlled by employees of Archer Cathro. Sources for the sample information below are Morton (2018), Morton (2016) and Burrell (2015) for the 2017, 2015 and 2014 geochemical programs, Eaton (2009) for the 2008 geochemical and diamond drill program and Eaton (2008) for the 2007 geochemical and diamond drill program. The 2009 and 2010 programs were managed by Zinccorp, with samples controlled by its contractors. Sampling procedure and analytical techniques for the 2009 program are sourced from Mann (2010) and Liverton, et al. (2011) for the 2010 drill program.

The 2010 core was transported by helicopter and truck from the drill sites to the Klondike Silver camp on Eldorado Creek, south of Dawson City, Yukon Territory for core processing. In 2007 and 2008, the core was transported by helicopter to a camp near the Chapman Lake aerodrome where it was quick logged before being shipped to the Archer Cathro facility in Whitehorse by truck for processing. At the core processing sites core markers were verified and converted from feet to metres, core was washed and brushed to remove drill additives and mud and each core box was measured and marked with the starting and ending depth of the contained core. Core was photographed and measured for recovery and rock-quality designation (RQD), with select intervals measured for specific gravity in 2010.

Prior to sampling, the drill core was logged by geologists, with all of the 2010 core logged by Dr. T. Liverton, the 2008 core primarily by S. Eaton and M. Nunez with some by M. Kammerer, and the 2007 core by M. P. Phillips. Sample intervals were chosen based on veins, alteration, faults, breccias, and visual estimates of mineralization, as well as the use of a Niton portable X-Ray Fluorescence ("XRF") analyzer in 2010. After logging, intervals for

geochemical sampling were outlined and sample intervals recorded, generally averaging 1 to 2m, but varying from about 0.2 to 3m.

The selected sample intervals of core were sawn in half length-wise with a diamond core saw, with one half sealed in a plastic sample bag with a numbered tag and the other returned to the core box for future reference. About 8% of the core was sawn in 2010, 23% in 2008 and 14% in 2007. Blank samples were randomly included in every batch of 20 core samples in 2008 for quality assurance and quality control (“QAQC”). However, no independent QAQC samples were processed with the 2010 or 2007 core. Samples were packed in poly-weave (“rice”) bags, sealed for shipping and sent for analysis.

All 2007 to 2009 samples were shipped directly to ALS Chemex (name change to ALS in 2010), North Vancouver and in 2010 to 2017 they were delivered to ALS’s sample preparation facility in Whitehorse, where they were prepared as in 2021 then sent internally to ALS in North Vancouver for analysis. All analyses included zinc, lead, silver gallium and used a one gram sub-sample. The 2010 and 2007 core and rocks and the 2014 to 2017 rocks were analysed using a 48 element four-acid digestion (ME-MS61) with a high grade four-acid digestion for the 2008 core and 2008 and 2009 rocks (ME-MS61a). Analysis was by ICP with an atomic emission spectroscopy (“AES”) finish, with all the 2014 to 2017 and some of the 2007 rock samples using an MS finish. All samples that exceeded 10,000 ppm Pb, 10,000 ppm Zn or 100 g/t Ag were re-analyzed using aqua regia digestion with ICP and either AES or AAS (Pb, Zn or Ag-OG46). Samples that exceeded 30% Zn or 20% Pb were determined using wet chemical assay techniques (Pb-VOL70 and Zn-VOL50). Samples that exceeded 1500 g/t Ag were re-analyzed using fire assay and a gravimetric finish (Ag-GRA21).

All soil geochemical samples were located by means of hip chain surveys with frequent checks using handheld GPS units, stream sediment samples were collected at regular intervals in drainages, established using a handheld GPS unit and rock sample locations were all recorded by GPS. All samples were marked with orange flagging tape labelled with the sample number. Soil samples were collected using mattocks and both soil and stream sediment samples were placed into individually prenumbered Kraft paper bags. The soil samples collected in 2008 and 2009 were taken at 50 to 100m intervals along topography controlled contour lines. The 2014 soil collected at 50m intervals along contour lines.

The 2007 to 2010 and 2014 soil and stream sediment preparation involved drying at 60°C and sieving to -180 microns. A 50 g split of the screened fraction was dissolved in a four acid solution and analyzed for 48 elements using a combination of ICP-MS (ME-MS61). Soil analysis in 2007 was for 35 elements using an aqua regia digestion followed by ICP-AES (ME-ICP41). Over limit zinc, lead and silver values were determined using Zn, Pb or Ag-OG46.

The 1975 samples by Cyprus Anvil Mining Corp were analysed geochemically by Acme Analytical Laboratories Ltd. (“Acme”, now Bureau Veritas Mineral Laboratories (“BV”)), Dawson City, Yukon Territory. The 1974 samples were analyzed by Whitehorse Assay Office Ltd. and Acme for gold, silver and copper. The 1974 stream sediment samples were analyzed for copper, lead and zinc by Acme Analytical Laboratories, Ross River, Yukon. Sample treatment involved sieving to yield a -80 mesh fraction, followed by perchloric acid extraction and analysis by atomic absorption spectroscopy. Complete details are not available.

Quality control procedures were implemented at the laboratory, involving the regular insertion of blanks and standards and check repeat analyses and resplits (re-analyses on the original sample prior to splitting). There is no evidence of any tampering with or contamination of the samples during collection, shipping, analytical preparation or analysis. All sample preparation was conducted by the laboratories, which are entirely independent from the issuer. ALS (formerly ALS Chemex) in North Vancouver is and was ISO 17025 and ISO 9001 accredited for the analysis procedures performed and ALS’s Whitehorse facility is similarly certified for the sample preparation procedures performed. BV is and Acme was ISO 17025 and ISO 9001 accredited, but the accreditation is unknown for 1974-75, but Acme was a reputable laboratory.

In the author’s opinion, sample preparation, security and analytical procedures are adequately reliable for the purpose of this report. In future exploration programs standards and blanks are recommended on all trenching and drill programs (1 standard and 1 blank per 20-25 samples is adequate), and select field duplicates sent to the primary laboratory and re-assaying of selected mineralized pulps at a second independent laboratory is suggested. Both a high and low grade standard should be used.

## **Data Verification**

The geochemical data was verified by sourcing original analytical certificates and digital data, where available, and original assessment and company reports. Analytical data quality assurance and quality control (“QAQC”) was indicated by the favourable reproducibility obtained in laboratory and company inserted standards and blanks and laboratory duplicates (repeats). There does not appear to have been any tampering with or contamination of the samples during collection, shipping, analytical preparation or analysis. All drill and trench intersections were verified by sourcing the original data. Sample data has proven to be reproducible and appears to be representative of the mineralization.

The author completed a previous site visit on the Project on September 5, 2015 for Strategic as a qualified person with respect to NI 43-101, at which time the Silver Matt and Gaynor trenches and the Boxer showing were examined and an aerial overview was completed over the Terrier, Nanny and Gully zones.

A site visit was also completed by the author on the Project for Silver47 on November 1, 2021 after the completion of the 2021 exploration program, at which time the 2021 drill sites, select showings (Silver Matt, Gaynor, Gully and Peak) were examined and verification samples were collected from the 2015 Silver Matt and Gaynor trenches, which were targeted in the 2021 drill program. Table 11 of the Technical Report shows the results for samples collected by the author with respective 2015 trench results shown for comparison.

Drill sites were clearly visible at the Silver Matt, Gaynor, Gully, Blender and Peak zones and the 2015 Silver Matt and Gaynor trenches were located and sampled. The northerly trend of the Gully zone could be discerned from an aerial investigation. Two grab samples were collected from the Silver Matt trench, one more sulphide rich and the other more oxidized and limonitic. Both confirmed the high silver-lead-zinc values obtained in the trench with lower lead-zinc sulphides in the second sample and much higher iron, reflecting the limonitic composition of the sample. The Gaynor trench was snow filled but highly limonitic grunge was excavated from the margins, confirming significant silver-zinc values, but lower lead and much higher iron due to the highly limonitic composition of the sample.

Select significant historical diamond drill core was examined at the Bostock core library in Whitehorse on November 18, 2021 and significant 2021 RC drill intersections were examined on March 7, 2022. The select review of mineralized intervals in historical diamond drill core visually confirmed the presence of mineralization and was consistent with the assay values obtained. The select review of mineralization intervals in the RC chip trays also confirmed the presence of mineralization encountered in the 2021 RC drill program.

In the author’s opinion, the data provided in this technical report is adequately reliable for its purposes.

## **Mineral Processing and Metallurgical Testing**

No mineral processing or metallurgical testing of mineralization has been carried out on the Project.

## **Mineral Resource Estimates**

There has not been sufficient work on the Project to undertake a mineral resource estimate.

## **Recommendations**

There is good potential for a silver-lead-zinc deposit on the Michelle Project. Consequently, a Phase 1 program of 3D compilation and structural analysis, soil geochemistry, detailed mapping, prospecting and hand trenching with a budget of \$220,000 is recommended to: interpret and outline the potential on the Gully and Peak zones; delineate the extent, grade and geometry of the Gully, Gaynor, Blender, Scorpion to Polar, Nanny to Terrier, Boxer to Pitbull and Terrier targets; trace mineralization at the Heeler, Husky and eastern Cirque showings and; explore the area to the southeast of the Us showing.

Soil sampling is recommended to cover the:

- southern extent of the Gully target,
- eastern margin of the Hot prospect area,
- Nanny, Boxer, Terrier showings,
- southern Us showing to explore a gossan and structures through this area,
- area between the Scorpion and Polar showings,
- extent of mineralization in the Heeler showing area, and
- western extent of the Silver Matt zone.

Mapping, prospecting and hand trenching are specifically recommended in order to follow up the:

- 2015 and 2017 hand trenches at the Gaynor showing;
- 2017 hand trenches at the Scorpion showing;
- area between the Scorpion and Polar showings, with emphasis on the anomalous cluster of rock samples 1 km west of the Scorpion showing which returned 2.92 to 46.4% Zn, associated with 6.2% Pb and 49.1 g/t Ag,
- potential for strike extension along the Gully fault, south of the mineralized 2007 and 2008 drill intercepts, and
- possible source and orientation of high grade float at the Blender showing.

The program can be undertaken as a series of temporary, self-contained, helicopter-portable fly camps, over a period of 6 weeks.

Contingent on results from Phase 1, an 1100m Phase 2 RC drill program utilizing a helicopter portable RC drill with a budget of \$500,000 is proposed to follow up results from Phase 1 and earlier work programs. Targets already exist at the Silver Matt zone and at the Dynasty showing; the latter exhibits similar sulphide mineralization to the Silver Matt zone and has never been drilled. Additional drill targets require definition in the Phase 1 program prior to undertaking a significant drill program.

For the Phase 2 RC drill program Certified Reference Materials are recommended with certified results for silver, zinc and lead close to the range of values expected in mineralized areas on the Project and should include high and low grade values to test the laboratory across all anticipated ranges of values.

**Budget:**

Based on the above recommendations, the following two phase exploration program with corresponding budget is proposed. Phase 2 is entirely contingent on results from Phase 1.

**Phase 1** (analysis, soil sampling, mapping, prospecting, trenching)

• 3D analysis and structural interpretation.	\$5,000
• soil sampling (1000 samples)	35,000
• assays (1000 soil samples for ME-MS41)	35,000
• mapping, prospecting, hand trenching	40,000
• assays (100 rock samples @ \$50 ea. ME-MS41, QAQC, shipping)	5,000
• helicopter	40,000
• camp, accommodation, food	8,000
• transportation, fuel, communication	5,000
• field equipment and supplies	5,000

• preparation, compilation, report and drafting	20,000
• contingency, supervision	<u>22,000</u>
<b>TOTAL :</b>	<b>\$220,000</b>

**Phase 2 (RC drilling, contingent on results from Phase 1)**

• drilling (1100m @ \$150/m, includes fuel, mob/demob)	\$165,000
• logging, sampling, supervision	50,000
• helicopter	130,000
• camp, accommodation, food	20,000
• assays (600 rock samples @ \$50/sample, including shipping, QAQC)	30,000
• transportation, fuel, communication	10,000
• field equipment, supplies and expediting	10,000
• preparation, compilation, report and drafting	35,000
• contingency	<u>50,000</u>
<b>TOTAL:</b>	<b>\$500,000</b>

**TOTAL of Phases 1 and 2                    \$720,000**

**AVAILABLE FUNDS AND PRINCIPAL PURPOSES**

**Available Funds and Principal Purposes**

The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus. The Company had working capital as on June 30, 2022, of \$5,014,250. Upon Listing, the principal purposes for the foregoing available funds will be as follows:

<u>Principal Purposes</u>	<u>Amount</u>
Estimated remaining expenses of the Listing (regulatory, filing, legal expenses, etc.)	\$150,000
Recommended Exploration Program expenditures on the Property <sup>(1)</sup>	\$220,00
Estimated general and administrative expenses for 12 months <sup>(2)</sup>	\$824,263
Unallocated working capital	\$3,819,987 <sup>(3)</sup>
<b>Total</b>	<b>\$5,014,250</b>

**Notes:**

- (1) See "Material Property – Recommendations – Budget".
- (2) Estimated based on the following amounts: \$214,963 in consulting fees, \$150,000 in employment salaries, \$258,000 in management fees, 48,000 in environmental social and community relation expenditures, \$25,000 in D&O insurance, \$33,000 in legal fees, \$33,700 in audit and tax fees, and 61,600 in administrative fees.
- (3) the Company intends to use the unallocated funds, subject to the successful completion of the Recommended Exploration Program, to further explore the Property based on the work program to be developed by a qualified person and for the potential acquisition and exploration of additional claims that are proximate to the Property.

The available funds will be sufficient to achieve the Company's objectives over the next 12 months. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. In addition, the current COVID-19 pandemic as well as future developments in the Company's mineral properties or unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed. Use of funds will be subject to the discretion of management. Until the Company uses the unallocated funds, the Company will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities. The Company has had negative cash flow from operations since Incorporation. See "Risk Factors" for further detail.

## Business Objectives and Milestones

The Company's intended business objective and milestone following the Listing is to complete the Recommended Exploration Program on the Property, as described herein. Based upon the recommendations of the Author in the Technical Report, the Company has commenced work on the initial aspects of the Recommended Exploration Program. The remainder of the Recommended Exploration Program is expected to be completed within approximately 9 to 12 months from the date of this Prospectus. See "*Material Property – Work Recommended in Technical Report*". The milestone for the Company is to conduct sufficient exploration to achieve an initial maiden compliant resource on the project.

The Company intends to spend a significant portion of the funds available to it on the Recommended Exploration Program, as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary. Silver47 recognizes that it is operating during the COVID-19 pandemic, which previously resulted in interruptions of mining activities and may continue to do so in the future. The Company also recognizes that the duration and extent of any such interruptions is unknown.

## Negative Operating Cash Flow

Silver47 has had negative cash flow from operations since Incorporation. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until such time as the Property or other future interests generate revenues. Future cash flows from such interests are dependent upon the underlying projects achieving production. There can be no assurance that such production will ever be achieved. See "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

## DIVIDEND POLICY

The Company has not declared or paid any dividends or other distributions on the Common Shares or the Original Silver47 Shares since Incorporation. The Company does not currently have a policy with respect to the payment of dividends or other distributions. While there are no restrictions precluding the Company from paying dividends, it has no source of cash flow, and anticipates using all available cash resources toward its stated business objectives. As such the Company does not anticipate the payment of dividends in the foreseeable future. At present, the Company's policy is to retain earnings, if any, to finance its business operations. The payment of dividends in the future will depend upon, among other factors, the Company's earnings, capital requirements and operating financial conditions.

## SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information of the Company for the periods or as at the dates indicated. This summary financial information should be read in conjunction with the "*Financial Statements for the Company*" attached to and forming part of this Prospectus as Schedule A and the "*Management Discussion and Analysis for the Company*" attached to and forming part of this Prospectus as Schedule B.

	<b>For the period from January 29, 2021 to July 31, 2021 (audited) (\$)</b>	<b>The three and nine months ended April 30, 2022 (unaudited) (\$)</b>
Total current assets	1,557,295	2,954,232
Total non-current assets	Nil	2,825,000
Total Assets	1,557,295	5,779,232
Current Liabilities	65,306	165,059
Total Liabilities	65,306	165,059
Deficit	465,478	1,907,306

As an exploration stage company, the Company has not generated revenue from its property interest and does not anticipate it will do so for the foreseeable future. The Company and management anticipates that expenses related to mineral exploration and administration of the Company will materially increase in 2022 as the Company completed

the acquisition of the Property on November 17, 2021. Management anticipates that such expenses will include increased exploration expenditures with respect to the Property and increased professional fees, and other costs associated with compliance with applicable securities laws in connection with closing of the Listing.

### Exploration and Development Costs

For the period from January 29, 2021, to July 31, 2021, and between July 31, 2021 and April 30, 2022, the Company has incurred the following costs in connection with the Property:

	<b>For the period from January 29, 2021, to July 31, 2021</b>	<b>For the period from January 31, 2021, to April 30, 2022</b>
Exploration and evaluation assets or expenditures	16,874	3,301,179 <sup>(1)</sup>
Expensed research and development costs	-	-
Intangible assets arising from development	-	-
General and administrative costs	-	30,274
Other material costs	-	-

**Notes:**

(1) Comprised of \$2,825,000 in exploration and evaluation assets, being the Property, and \$476,179 in exploration expenditures.

### FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following financial statements of the Company and its subsidiaries and MD&A are included as schedules to this Prospectus:

- Schedule A:** Audited financial statements of the Company for the period from January 29, 2021, to July 31, 2021.
- Schedule B:** Management's discussion and analysis of the Company for the period from January 29, 2021, to July 31, 2021.
- Schedule B** Condensed interim financial statements of the company for the three and nine months ended April 30, 2022
- Schedule B** Management's discussion and analysis of the Company for the three and nine months ended April 30, 2022.

The financial statements listed above have been prepared in accordance with IFRS.

Certain information included in the MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

### DESCRIPTION OF THE SECURITIES DISTRIBUTED

As of the date of this Prospectus, there are (i) 3,998,667 Special Warrants issued and outstanding, pursuant to, issued under and governed by the terms and conditions set forth in the Special Warrant Certificates and (ii) 1,219,600 Flow-Through Special Warrants issued and outstanding, pursuant to, issued under and governed by the terms and conditions set forth in the Flow-Through Special Warrant Certificates. Each Special Warrant entitles the holder to receive, immediately upon the completion of the Liquidity Event and without payment of additional consideration, one Unit. Each Flow-Through Special Warrant entitles the holder to receive, immediately upon the completion of the Liquidity Event and without payment of additional consideration, one Flow-Through Special Warrant Share.

This Prospectus is being filed for the purpose of qualifying the distribution of 3,998,667 Special Warrant Shares and 3,998,667 Underlying Warrants issuable upon automatic exercise of Special Warrants and 1,219,600 Flow-Through Special Warrant Shares issuable upon automatic exercise of Flow-Through Special Warrants.

### **Special Warrant Shares and Flow-Through Special Warrant Shares**

The Special Warrant Shares issuable upon the automatic exercise of the Special Warrants and the Flow-Through Special Warrant Shares issuable upon automatic exercise of the Flow-Through Special Warrants will have the same rights, restrictions and privileges as the Common Shares. See “*Description of the Securities Distributed – Common Shares*” for a description of the rights of holders of Common Shares.

### **Common Shares**

The Company’s authorized capital consists of an unlimited number of Common Shares of which 28,328,200 Common Shares are issued and outstanding as at the date of this Prospectus. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote). Each Common Share carries the right to one vote. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs the holders of the Common Shares will be entitled to receive, on a *pro rata* basis, all remaining property and assets of the Company. The holders of Common Shares are entitled to receive dividends as and when declared by the Board in respect of the Common Shares on a *pro rata* basis. Upon the Company becoming a reporting issuer, there will be no pre-emptive, redemption, retraction, purchase or conversion rights attached to the Common Shares.

### **Underlying Warrants**

The Underlying Warrants issuable upon the automatic exercise of the Special Warrants, will be created and issued pursuant to the terms of the Underlying Warrant Certificates. Each Underlying Warrant will entitle the holder thereof to acquire one Warrant Share until the date that is 24 months from the date of issuance at a price of \$1.00 per Warrant Share.

The Special Warrant Certificates provide that in the event of certain alterations of the qualified securities, including any subdivision, consolidation or reclassification, and in the event of a capital reorganization of the Company, including any amalgamation, merger or arrangement or a sale or conveyance of the property or assets of the Company, as an entirety or substantially an entirety, an adjustment shall be made to the terms of the Underlying Warrants such that the holders shall, upon exercise of the Underlying Warrants following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to receive had they exercised their Underlying Warrants prior to the occurrence of those events. No fractional securities will be issued upon the exercise of the Underlying Warrants.

## **CONSOLIDATED CAPITALIZATION**

Other than as described in this Prospectus, there have been no material changes in the share capitalization or the indebtedness of the Company since the date of the Company’s most recent financial period, April 30, 2022. The following table sets out the capitalization of the Company as at April 30, 2022, and the date of this Prospectus. See “*Prior Sales*” and “*Options to Purchase Securities*”. The following table must be read in conjunction with the Company’s Financial Statements.

<b>Designation</b>	<b>Amount Authorized</b>	<b>Amount Outstanding as of April 30, 2022</b>	<b>Amount Outstanding as of the Date of this Prospectus</b>	<b>Amount Outstanding once the Special Warrants and Flow-Through Special Warrants are converted<sup>(5)</sup></b>
Common Shares <sup>(1)</sup>	Unlimited	28,328,200	28,328,200	33,546,467
Options <sup>(2)</sup>	–	1,850,000	1,850,000	1,850,000
Warrants <sup>(3)</sup>	–	3,011,721	3,109,376	7,108,043
Special Warrants <sup>(4)</sup>	–	2,522,334	3,998,667	–
Flow Through Special Warrants <sup>(5)</sup>	–	–	1,219,600	–
<b>Total</b>		<b>35,712,255</b>	<b>38,505,843</b>	<b>42,504,510</b>

**Notes:**

(1) See “Description of the Securities Distributed – Common Shares”.

(2) Each Option is exercisable for 10 years from the date of issuance and entitles the holder thereof to purchase one Common Share at a price of \$0.50. See “Options to Purchase Securities”.

(3) Common Share purchase warrants in the capital of the Company. The Warrants have exercise prices ranging between \$0.50 to \$1.00, and expiry dates between April 14, 2024 to July 8, 2024.

(4) See “Description of the Securities Distributed”.

(5) See “Description of the Securities Distributed”.

## OPTIONS TO PURCHASE SECURITIES

### *Share Compensation Plan*

A Share Compensation Plan was approved by the Company’s Board of Directors effective as of September 30, 2021. The principal purpose of the Share Compensation Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity to be issued with and acquire Shares of the Company, thereby increasing their proprietary interest in the Company, and encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The Share Compensation Plan provides that the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time.

The Share Compensation Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all Options and RSUs thereunder.

Options and RSUs may be granted under the Share Compensation Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate.

The number of Common Shares which may be issuable under the Share Compensation Plan: (a) shall not exceed 10% of the total number of the issued and outstanding Common Shares; (b) to persons employed to provide investor relations services, shall not exceed 1% of the issued and outstanding Common Shares at any one time; (c) within any consecutive 12-month period, the aggregate sale price or amount of Common Shares shall not exceed (i) US\$1,000,000; (ii) 15% of the total assets of the Company measured at the Company’s most recent balance sheet date; or (iii) 15% of the outstanding amount of the Common Shares of the Company, measured at the Company’s most recent balance sheet date.

The exercise prices of Options will be determined by the Board of Directors, but will, in no event, be less than the closing market price of Common Shares on the trading day prior to the date of grant of the Options less the maximum discount permitted under the CSE policies. All Options granted under the Share Compensation Plan will expire no

later than the date that is ten years from the date that such Options are granted. Options granted under the Share Compensation Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Subject to certain limitations, in the event that an Option Holder's position as a director, officer, employee or consultant is terminated for any reason other than long term disability, death or for cause, the options held by such Option Holder may be exercised within 90 days of termination (or 30 days if the Option Holder was engaged in investor relations activities), provided such options have vested and not expired. Subject to certain limitations, in the event that an Option Holder's position as a director, officer, employee or consultant is terminated as a result of his or her death or long term disability, any options held by such Option Holder that could have been exercised immediately prior to such termination of service shall be exercisable for a period of one year following the termination of service of such Option Holder.

Subject to certain limitations, in the event that an Option Holder's employment is terminated for cause, the options held by such Option Holder shall expire and terminate on the date of such termination for cause.

### Options

As of the date of this Prospectus, 1,850,000 stock options are held by management and directors under the Share Compensation Plan as follows:

Category of Optionee	Grant Date	Number of Optionees	Number of Options	Exercise Price of Options
Directors <sup>(1)</sup>	September 30, 2021	3	1,350,000	\$0.50
Officers <sup>(2)</sup>	September 30, 2021	1	500,000	\$0.50

**Notes:**

<sup>(1)</sup> Options issued to Gary R. Thompson, Ryan Goodman and David Netherway in their capacity as directors of the Company.

<sup>(2)</sup> Options issued to Kevin Chen in his capacity as Chief Financial Officer of the Company.

### RSUs

As of the date of this Prospectus, no RSUs have been granted under the Share Compensation Plan.

### PRIOR SALES

This table sets out particulars of the Common Shares and securities exercisable for or exchangeable into Common Shares issued within the 12 months prior to the date of this Prospectus:

Date	Type of Security	Number of Securities	Issue Price	Exercise Price	Aggregate Issue Price
July 8, 2021	Original Silver47 Shares <sup>(1)</sup>	2,840,000	\$0.50	-	\$1,420,000
July 8, 2021	Original Silver47 Warrants <sup>(2)</sup>	2,840,000	-	\$0.75	-
July 8, 2021	Original Silver47 Warrants <sup>(3)</sup>	85,200	-	\$0.50	\$17,040
July 29, 2021	Common Shares <sup>(4)</sup>	4,649,000	-	-	\$177,194
August 18, 2021	Common Shares <sup>(5)</sup>	139,200	\$0.50	-	\$69,600
September 30, 2021	Options <sup>(6)</sup>	2,000,000	-	\$0.50	-
October 22, 2021	Common Shares <sup>(7)</sup>	50,000	\$0.50	-	\$25,000
October 22, 2021	Common Shares <sup>(8)</sup>	100,000	\$0.50	-	\$50,000
November 17, 2021	Common Shares <sup>(9)</sup>	5,650,000	-	-	-
April 14, 2022	Special Warrants <sup>(10)</sup>	2,522,334	\$0.75	-	\$1,891,750.50
April 14, 2022	Warrants <sup>(11)</sup>	86,521	-	\$1.00	-
May 31, 2022	Special Warrants <sup>(12)</sup>	1,476,333	\$0.75	-	\$1,107,249.75
May 31, 2022	Warrants <sup>(13)</sup>	12,283	-	\$1.00	-
June 28, 2022	Flow-Through Special Warrants <sup>(14)</sup>	1,219,600	\$0.82	-	\$1,000,072

<u>Date</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Issue Price</u>	<u>Exercise Price</u>	<u>Aggregate Issue Price</u>
June 28, 2022	Warrants <sup>(15)</sup>	85,372	-	\$1.00	-

**Notes:**

- (1) Issued in connection with a non-brokered private placement. These Original Silver47 Shares were exchanged on a 1:1 basis for Common Shares upon the Amalgamation.
- (2) Issued in connection with a non-brokered private placement. Upon the Amalgamation, these Original Silver47 Warrants were adjusted, as per the warrant certificate, to be exercisable for one Common Share at a price of \$0.75 per warrant.
- (3) Issued as partial consideration for the finder's fee in connection with a non-brokered private placement. Upon the Amalgamation, these Original Silver47 Warrants were adjusted, as per the warrant certificate, to be exercisable for one Common Share at a price of \$0.50 per warrant.
- (4) Issued in connection with the Amalgamation.
- (5) 120,000 Common Shares were issued to Kevin Chen in connection with services provided as Chief Financial Officer of the Company. 19,200 Common Shares were also issued as compensation for recruitment services.
- (6) Issued to directors and officers of the Company.
- (7) Issued to Ryan Goodman in connection with the exercise of 50,000 Options with an exercise price of \$0.50 per Option.
- (8) Issued to David Netherway in connection with the exercise of 100,000 Options with an exercise price of \$0.50 per Option.
- (9) Issued to Silver Range pursuant to the Asset Purchase
- (10) Issued in connection with the First Tranche.
- (11) 78,330 Warrants were issued as partial consideration for finders' fees in connection with the First Tranche and 8,191 Warrants were issued in connection with due diligence services performed by a third party.
- (12) Issued in connection with the Second Tranche.
- (13) Issued in connection with due diligence services performed by a third party.
- (14) Issued in connection with the Flow-Through Tranche.
- (15) Issued as partial consideration for finder's fee in connection with the Flow-Through Tranche.

### **PLAN OF DISTRIBUTION**

This Prospectus is being filed with the securities regulatory authorities in British Columbia to qualify the distribution of securities underlying 3,998,667 Units issuable for no additional consideration upon the automatic exercise of 3,998,667 Special Warrants. The Special Warrants were issued in two tranches, with 2,522,334 Special Warrants issued on April 14, 2022 and 1,476,333 Special Warrants issued on May 31, 2022 at a price of \$0.75 per Special Warrant to purchasers in British Columbia (in addition to purchasers resident in jurisdictions outside of Canada) on a private placement basis pursuant to prospectus exemptions under applicable securities legislation.

This Prospectus also qualifies the distribution of 1,219,600 Flow-Through Special Warrant Shares for no additional consideration upon automatic exercise of 1,219,600 Flow-Through Special Warrants. The Flow-Through Special Warrants were issued on June 28, 2022, at a price of \$0.82 per Flow-Through Special Warrant to a purchaser in Canada on a private placement basis pursuant to prospectus exemptions under applicable securities legislation.

The terms of the Offering, including the offering price of the Special Warrants and Flow-Through Special Warrants, were determined by negotiation between the Company and the subscribers.

The Special Warrants were issued pursuant to the terms of the Special Warrant Certificates. Subject to the terms and conditions of the Special Warrant Certificates, each Special Warrant entitles the holder to receive, immediately upon the completion of the Liquidity Event, one Unit, without payment of additional consideration. Each Unit consists of one Special Warrant Share and one Underlying Warrant.

The Underlying Warrants will be governed by the terms of the Underlying Warrant Certificates to be issued by the Company to the holders thereof upon conversion of the Special Warrants. Each Underlying Warrant will entitle the holder thereof to acquire one Warrant Share at a price of \$1.00 per Warrant Share until the date that is 24 months after issuance of the Underlying Warrants.

The Flow-Through Special Warrants were issued pursuant to the terms of the Flow-Through Special Warrant Certificates representing such Flow-Through Special Warrants. Subject to the terms and conditions of the Flow-Through Special Warrant Certificates, each Flow-Through Special Warrant will entitle the holder to receive, immediately upon the completion of the Liquidity Event, one Flow-Through Special Warrant Share, without payment of additional consideration.

In connection with the First Tranche, certain finders were paid finders' fees, which included (i) 78,330 Warrants, with an exercise price of \$1.00 per Warrant and expiry date of April 14, 2024 and (ii) \$58,747.50 in cash.

In connection with the Flow-Through Tranche, a certain finder was paid a finder's fee, which included (i) 85,372 Warrants, with an exercise price of \$1.00 per Warrant and an expiry date of June 28, 2024, and (ii) \$73,404.292 in cash.

There were no underwriters or agents involved in the Offering or the Flow-Through Tranche. The Company did not issue additional Special Warrants to underwriters, agents or to the Finder.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities referenced herein within the U.S. or to, or for the account or benefit of, U.S. Persons. None of the Special Warrant Shares, Underlying Warrants and Flow-Through Special Warrant Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Special Warrants and the Flow-Through Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Special Warrant Shares, Underlying Warrants and Flow-Through Special Warrant Shares will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

The Company has applied to list the securities distributed under this Prospectus on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. The CSE has not conditionally approved our listing application and there is no assurance that it will do so. See: "*Risk Factors – Listing on the CSE and Acquisition of the Property*".

As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

#### **ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER**

NP 46-201 provides that all securities of an issuer owned or controlled by a Principal must be placed in escrow at the time the issuer distributes its securities or convertible securities to the public by prospectus, unless the securities held by such Principal or issuable to such Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding securities of the issuer after giving effect to the initial distribution. Generally, a prospectus filed solely for the purpose of the issuer becoming a "reporting issuer" is not considered a prospectus which distributes the issuers securities or convertible securities. However, in Silver47's case, as a market is being developed for its securities, this Prospectus is to be considered an "IPO prospectus" for the purposes of NP 46-201. As such, the securities held by the Principals will be held in escrow pursuant to the policies of NP 46-201.

The following table sets forth the securities of the Principals that, as at the date of Listing, will be subject to escrow or that are currently, or will be, subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

<b>Designation of Class</b>	<b>Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer</b>	<b>Percentage of Class</b>
Common Shares	11,905,000	42.03% <sup>(1)</sup>

<b>Designation of Class</b>	<b>Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer</b>	<b>Percentage of Class</b>
Warrants	Nil	-
Options	700,000	37.84% <sup>(2)</sup>

**Notes:**

<sup>(1)</sup> As of the date of this Prospectus, there are 28,328,200 Common Shares issued and outstanding. Following the issuance of the Special Warrant Shares and Flow-Through Special Warrant Shares, there will be 33,546,467 Common Shares issued and outstanding, of which 35.49% will be held in escrow.

<sup>(2)</sup> As of the date of this Prospectus, there are 1,850,000 Options issued and outstanding.

As at the date hereof, the Company and XT88, Gary R. Thompson, and Brenda Thompson (the “**Principals**”), will enter into an escrow agreement (the “**Escrow Agreement**”) with Odyssey Trust Company, as escrow agent (the “**Escrow Agent**”), pursuant to which the Escrowed Shareholders will collectively deposit 11,905,000 Common Shares into escrow (the “**Escrowed Securities**”) with the Escrow Agent, representing 42.03% of the issued and outstanding Common Shares.

Upon the completion of the Listing, Silver47 will be an “emerging issuer” pursuant to NP 46-201 and, as such, the Escrowed Securities will be subject to a three year escrow and subject to the following release scheduled:

<b>Date</b>	<b>Amount of Escrowed Securities Released</b>
On the Listing Date	1/10th of the Escrowed Securities
6 months after the Listing Date	1/6th of the remaining Escrowed Securities
12 months after the Listing Date	1/6th of the remaining Escrowed Securities
18 months after the Listing Date	1/6th of the remaining Escrowed Securities
24 months after the Listing Date	1/6th of the remaining Escrowed Securities
30 months after the Listing Date	1/6th of the remaining Escrowed Securities
36 months after the Listing Date	1/6th of the remaining Escrowed Securities

The release schedule may be accelerated if the Company establishes itself as an “established issuer” as described in NP 46-201.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities will not be able to be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within escrow are:

- transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with the approval of the Board;
- transfers to a person or company that before the proposed transfer holds more than 20% of the Company’s outstanding Common Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Company’s outstanding Common Shares and has the right to elect or appoint one or more directors or senior officers of the Company or any material operating subsidiary;
- transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor’s spouse, children or parents;
- transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- pledges to a financial institution as collateral for a bona fide loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid or business combination, securities

received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

If the Principals acquire any additional securities of the Company of the type listed above, those securities will be added to the securities already in escrow, to increase the number of remaining Escrowed Securities. Such increased number of remaining Escrowed Securities will be released in accordance with the release schedule in the table above.

Additionally, securities of the Company may be subject to additional escrow restrictions and restrictions on transfer pursuant to NP 46-201, or if required by the CSE or other applicable regulations of any other stock exchange on which the Securities of the Company may be listed for trading in the future. There can be no guarantee that the Securities will be listed for trading on the CSE or any other stock exchange.

### Statutory Hold Periods

In addition to the foregoing, securities legislation imposes certain resale restrictions on securities issued within the four months preceding the Listing, such hold periods are governed by NI 45-102 – *Resale of Securities*. All certificates representing securities subject to these restrictions will bear legends indicating the applicable hold periods.

### PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, other than as set forth below, no person directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares as at the date of this Prospectus.

Registered Shareholder	Number of Common Shares	Percentage of class <sup>(1)</sup>
XT88 <sup>(2)</sup>	10,000,000	35.30% <sup>(3)</sup>
Gary R. Thompson	2,500	0.01%
Silver Range <sup>(4)</sup>	5,650,000	19.94%

**Notes:**

<sup>(1)</sup> As at the date of this Prospectus, 28,328,200 Common Shares are issued and outstanding. Percentages on a fully-diluted basis are as follows: 23.53% (XT88); 0.01% (Gary R. Thompson); and 13.29% (Silver Range). Based on 42,504,512 outstanding Common Shares on a fully diluted basis.

<sup>(2)</sup> XT88 is a private company controlled by Gary R. Thompson.

<sup>(3)</sup> XT88 does not directly or indirectly beneficially own, or exercise control or direction over, any securities convertible into Common Shares.

<sup>(4)</sup> Silver Range is a public company.

### DIRECTORS AND EXECUTIVE OFFICERS

To the Company's knowledge as at the date of this Prospectus, the directors and executive officers of the Company as a group will beneficially own, control or direct, directly or indirectly, 10,272,500 Common Shares, representing approximately 36.26% of the Common Shares.

#### Director and Executive Officer Profiles

The following table sets forth the name of each director and executive officer of the Company as at the date of this Prospectus, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, the date they became a director of the Company, if applicable, and the number and percentage of Common Shares they beneficially own, or control or direct, directly or indirectly. Each director's term will expire immediately prior to the next annual meeting of shareholders of the Company.

<b>Name and Municipality of Residence</b>	<b>Current Position(s) with Silver47</b>	<b>Age</b>	<b>Principal Occupation(s) for the past five years</b>	<b>Director/ Officer of Silver47 Since</b>	<b>Number (and %) of Common Shares Owned<sup>(1)</sup></b>
Gary R. Thompson Vancouver, BC	President, CEO and Director	58	CEO and Chairman of Brixton Metals; Executive Chair, CEO and Director of Gold 79 Mines Ltd.; Director of Stuhini Exploration Ltd.; Director of Omni Commerce Corp.	January 29, 2021	10,002,500 <sup>(2)</sup> (35.31%)
Ryan Goodman Vancouver, BC	Director	46	VP Legal & Administration at Orezone Gold Corporation; VP Legal at Aura Minerals Inc.	September 1, 2021	50,000 0.18%
David Netherway Johannesburg, South Africa	Director	69	Director of Kore Potash plc; Director of Canyon Resources Limited; Director of Altus Strategies plc; Director of Kilo Goldmines Limited; Director of Avesoro Resources Inc.	September 23, 2021	100,000 0.35%
Kevin Chen Richmond, BC	CFO	47	Controller of Gold Royalty Corp. and Uranium Royalty Corp. CFO of Selwyn Chihong Mining Ltd.	July 31, 2021	120,000 (0.42%)

**Notes:**

<sup>(1)</sup> Based on 28,328,200 Common Shares issued and outstanding as of the date of this Prospectus.

<sup>(2)</sup> 10,000,000 Common Shares are held by XT88, a private company controlled by Gary R. Thompson. 2,500 Common Shares are owned directly by Gary R. Thompson.

**Director and Executive Officer Biographies**

***Gary R. Thompson, Age 58 – President, Chief Executive Officer and Director***

Mr. Thompson is the founder of the Company. He has over 25 years' experience in resource exploration including precious and base metals, geothermal power and unconventional oil and gas, and is a "qualified person" as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Thompson is a co-founder and Chairman and CEO of Brixton Metals Corporation (TSXV:BBB). Mr. Thompson was the president and CEO of Sierra Geothermal Power Corp., from 2006 until 2010 when it was acquired by Ram Power Corporation. Prior to 2006, Mr. Thompson held positions with EnCana Corporation, Newmont Alaska Ltd., NovaGold Resources Inc. and CBM Solutions Ltd. Mr. Thompson was credited with the 1988 discovery of the TAG gold silver prospect located in NWBC which he sold to Taku Gold Corp., and in 2014 he sold the Kahuna claims to Kodiak Copper (TSXV: KDK) and Solstice Gold (TSXV: SGC) located near Agnico's Meliadine Mine in Nunavut.

Mr. Thompson is a professional geologist and an active member in good standing of both the Engineers and Geoscientists British Columbia and The Association of Professional Geoscientists of Ontario. Mr. Thompson holds a B.Sc. (Honours) in Geology from the University of British Columbia.

Mr. Thompson is the President and Chief Executive Officer of the Company and expects to devote 40% of his time to the affairs of the Company.

***Ryan Goodman, Age 46 – Director***

Mr. Goodman has close to 20 years of experience working with mining companies in various stages of growth and development, and specializes in such areas as financings, M&A and corporate governance. Mr. Goodman has been the VP Legal and Administration at Orezone since March 2019. Mr. Goodman was the VP Legal Affairs of Aura Minerals Inc. from 2012 until 2019. Previous to Aura Minerals, Mr. Goodman practiced law with a large Canadian multinational law firm with a focus on securities and mining. Mr. Goodman holds a J.D. from the University of Manitoba.

Mr. Goodman is a director of the Company and expects to devote 15% of his time to the affairs of the Company.

***David Netherway, Age 69 – Director***

David is a mining engineer with over 40 years of experience in the mining industry. David was involved in the construction and development of the New Liberty, Iduapriem, Siguiri, Samira Hill and Kiniero gold mines in West Africa and has mining experience in Africa, Australia, China, Canada, India and the Former Soviet Union. David served as the CEO of Shield Mining until its takeover by Gryphon Minerals, prior to that he was the CEO of TSX listed Afcan Mining Corporation, a China focused gold mining company that was sold to Eldorado Gold in 2005. He was also the Chairman of Afferro Mining which was acquired by IMIC in 2013. David has held senior management positions in a number of mining companies including Golden Shamrock Mines, Ashanti Goldfields and Semafo Inc. He is a former director of Altus Resource Capital, Altus Global Gold, African Aura Mining, Afferro Mining, Avesoro Resources and Kilo Goldmines. Mr. Netherway is currently the Chairman of Altus Strategies plc (ALS:AIM, ALTS:TSX-V, ALTUF:OTCQX), a non-executive Director of Kore Potash plc (ASX, AIM & JSE: KP2) and Canyon Resources Limited (ASX: CAY). Mr. Netherway holds a BEng (Mining) from the University of Melbourne, Australia and a C.DipAF from the CACA in the UK.

Mr. Netherway is a director of the Company and expects to devote 15% of his time to the affairs of the Company.

***Kevin Chen, Age 47 – Chief Financial Officer***

Kevin Chen has over 19 years of experiences in mining industry. From April 2021 to January 2022, Mr. Chen was Controller for both Gold Royalty Corp. and Uranium Royalty Corp.. From March 2012 to January 2021, Mr. Chen was CFO of Selwyn Chihong Mining Ltd. From September 2005 to February 2012, Mr. Chen was Finance Manager of Eldorado Gold Corporation. From January 2003 to September 2005, Mr. Chen was Controller of Afcan Mining Ltd which was later sold to Eldorado Gold. Prior to Afcan Mining, Mr. Chen was Audit Manager of KPMG LLP. Mr. Chen holds an MBA degree from the University of Western Ontario and Mr. Chen is a CPA, CMA in BC.

Mr. Chen is the Chief Financial Officer of the Company and expects to devote 70% of his time to the affairs of the Company.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

***Corporate Cease Trade Orders or Bankruptcies***

No director or officer of Silver47 is, or within the ten years prior to the date of this Prospectus has been, a director, officer, or Promoter of any person or company that, while that person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Penalties or Sanctions***

No director or officer of Silver47, nor any security holder anticipated to hold a sufficient number of securities of Silver47 to materially affect the control of Silver47, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision concerning an investment in the Company.

### ***Personal Bankruptcies***

No director or officer of Silver47, nor security holder anticipated to hold a sufficient number of securities of Silver47 to affect materially the control of Silver47, nor a personal holding company of any such person has, within the ten years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director or officer, or personal holding company of any such person.

### ***Conflicts of Interest***

To the best of the Company's knowledge, there are no existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. However, certain of the Company's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf. See also "*Risk Factors – Conflicts of Interest*".

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. As required under the BCBCA and the Company's Articles:

- a director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer of the Company, must promptly disclose the nature and extent of that conflict; and
- a director who holds a disclosable interest (as such term is defined under the BCBCA) in a contract or transaction into which the Company has entered or proposes to enter may generally not vote on any directors' resolution to approve such contract or transaction.

Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

### **Other Reporting Issuer Experience**

The following table sets out the directors and officers of Silver47 that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers in any Canadian jurisdiction:

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Market or Exchange Traded On</u>	<u>Position</u>	<u>From</u>	<u>To</u>
Gary R. Thompson	Gold79 Mines Ltd.	TSXV	Director and CEO	August 2020	Present

		OTCQB			
	Brixton Metals Corp.	TSXV OTCQB	Director, President and CEO	March 2017	Present
Ryan Goodman	Orezone Gold Corporation	TSXV	VP Legal & Administration	March 2019	Present
	Fuse Cobalt Inc.	TSXV	Director	February 2018	Present
	Aura Minerals Inc.	TSXV	VP Legal	June 2019	February 2019
	Deep - South Resources Inc.	TSXV	Director	December 2013	February 2017
David Netherway	Kore Potash plc	ASX AIM JSE	Director	December 2017	Present
	Canyon Resources Limited	ASX	Directors	March 2014	Present
	Altus Strategies plc	AIM	Chairman	May 2017	Present
	Kilo Goldmines Limited	TSXV	Chairman	July 2011	March 2020
	Avesoro Resources Inc.	TSX AIM	Director	February 2011	January 2020

## EXECUTIVE COMPENSATION

In this section “Named Executive Officer” (an “NEO”) means each individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year (a “CEO”), each individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year (a “CFO”) and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CDN\$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Gary R. Thompson, as the President and CEO of the Company, and Kevin Chen, as CFO of the Company, are the only NEOs of the Company for the purposes of the following disclosure.

### Compensation Discussion and Analysis

The Company’s executive compensation is intended to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital. The Company’s executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Board determines the compensation of the Company’s directors and NEOs. The Board intends for executive compensation to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital as the Company seeks to devote funds to the exploration of the Property. Executive compensation is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation

policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Company has adopted a Share Compensation Plan to assist the Company in attracting, retaining and motivating directors, officer, employees, consultants and contractors of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders. See “*Options to Purchase Securities.*”

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The compensation paid to the NEOs of the Company during the period from January 29, 2021, to July 31, 2021, is set out below and expressed in Canadian dollars unless otherwise noted:

Name and Position	Fiscal Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Maximum Compensation (\$)
Gary R. Thompson <i>CEO and Director</i> <sup>(1)</sup>	2021	Nil <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil
Kevin Chen <i>CFO</i> <sup>(2)</sup>	2021	Nil <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil
Ryan Goodman <i>Director</i> <sup>(3)</sup>	2021	Nil	Nil	Nil	Nil	Nil	Nil
David Netherway <i>Director</i> <sup>(4)</sup>	2021	Nil	Nil	Nil	Nil	Nil	Nil

#### Notes:

- (1) Mr. Thompson was appointed as a director, as well as the CEO upon Incorporation on January 29, 2021.
- (2) Ms. Chen was appointed as Chief Financial Officer of the Company on July 31, 2021.
- (3) Ryan Goodman was appointed as a director on September 1, 2021.
- (4) David Netherway was appointed as a director on September 22, 2021.
- (5) Mr. Thompson has a yearly salary of \$140,000 starting June 1, 2022.
- (6) Mr. Chen has a yearly salary of \$91,000 starting June 1, 2022.

### Stock Options and Other Compensation Securities

The following table sets out information for each of the current officers and directors of the Company concerning all option-based awards issued since the Amalgamation and expected to be outstanding immediately following the Listing.

Name and Position	Type of security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Dates
Gary R. Thompson CEO and Director	Options	700,000	Sept 30, 2021	\$0.50	Nil	Nil	Sept 30, 2031
	Common Shares <sup>(1)</sup>	2,500,000	June 1, 2021	\$0.05 <sup>(2)</sup>	-	-	-
Ryan Goodman Director	Options	350,000	Sept 30, 2021	\$0.50	Nil	Nil	Sept 30, 2031
Kevin Chen <i>CFO</i> <sup>(2)</sup>	Options	500,000	Sept 30, 2021	\$0.50	Nil	Nil	Sept 30, 2031

	Common Shares	120,000	Aug 18, 2021	\$0.50	-	-	-
David Netherway Director	Options	300,000	Sept 30, 2021	\$0.50	Nil	Nil	Sept 30, 2031

**Notes:**

- (1) These Common Shares were initially issued as Original Silver47 Shares which were exchanged on a 1:1 basis for Common Shares upon the Amalgamation.
- (2) The fair value was determined to be \$0.10 per share and, as a result, these Original Silver47 Shares were fair valued to \$0.10 and the Company recognized a share-based compensation of \$125,000.

**Exercise of Options and Compensation Securities by Directors and NEOs**

The following table sets out each exercise by a director or NEO of compensation securities:

Name and Position	Type of security	Number of compensation securities	Exercise price per security (\$)	Date of exercise	Difference between exercise price and closing price on date of exercise	Total value on exercise date (\$)
Ryan Goodman Director	Options	50,000	\$0.50	Oct 22, 2021	-	25,000
David Netherway Director	Options	100,000	\$0.50	Oct, 25, 2021	-	50,000

**Share Compensation Plans and Other Incentive Plans**

See “Options to Purchase Securities”.

**External Management Companies**

Other than as disclosed herein, the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or Directors and the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

On January 29, 2021, the Company issued 10,000,000 Original Silver47 Shares to XT88 Holdings Inc., an external company that employs Gary R. Thompson, in connection with the incorporation of the Company. On June 1, 2021, the Company issued 2,500,000 Original Silver47 Shares to XT88 Holdings Inc. for various services provided to the Company.

**Employment, Consulting and Management Agreements**

The Company has not entered into written employment or consulting agreements with Gary R. Thompson as of the date of this Prospectus.

Kevin Chen will be compensated by the Company directly through the issuance of 10,000 Common Shares per month with 120,000 Common Shares issued immediately upon signing and subject to reverse vesting. Over the next 12 months it is anticipated that the Company will issue approximately 120,000 Common Shares to Kevin Chen for his services. Additionally, the Company will pay to Vancouver Profit Services Inc. (“**Vancouver Profit**”), a consulting company wholly owned by Mr. Chen, \$8,000 per month plus GST. Over the next 12 months it is anticipated that the Company will pay Vancouver Profit services approximately \$96,000 for his services.

**Pension Plan Benefits**

The Company does not anticipate having any deferred compensation plan or pension plan that provide for payments or benefits at, following or in connection with retirement.

## Director Compensation

Upon becoming a reporting issuer, Silver47 intends to have standard compensation arrangements for the Company's non-executive directors. Current compensation has been set at \$20,000 per year for the Company's non-executive directors.

Each independent director, if any, is entitled to participate in the Share Compensation Plan and any other security-based compensation arrangement or plan adopted by Silver47 with the approval of the Board and/or Silver47's shareholders, as may be required by applicable law or CSE policies.

Silver47 expects that its directors will be reimbursed for expenses incurred on Silver47's behalf. No additional fees, including meeting fees, will be paid to directors.

## Directors' and Officers' Liability Insurance

The Company carries directors' and officers' liability insurance for the Company's directors and officers; however, the Company is required to obtain a new directors' and officers' liability insurance policy upon Listing. The Company will apply for limits and deductibles it believes is appropriate for a company of the Company's type and stage of development.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors, executive officers, employees, former directors, former executive officers or former employees or any of the Company's subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Prospectus or at any time since the beginning of the most recently completed financial year been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided the Company or any of the Company's subsidiaries.

## AUDIT COMMITTEE

### The Audit Committee's Charter

The full text of the Audit Committee's charter is attached as Schedule "C" to this Prospectus.

### Mandate and Responsibilities of the Audit Committee

The Audit Committee assists the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee's principal responsibilities include (i) recommending the external auditor to be nominated for the purpose of audit, review or attest services for the Company, (ii) recommending the compensation of the external auditor, (iii) overseeing the work of the external auditor in performing audit, review or attest services for the Company, (iv) reviewing the Company's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information, and (v) establishing procedures for addressing complaints or concerns regarding accounting, internal control or auditing matters.

### Composition of the Audit Committee

<u>Name</u>	<u>Independent/Not Independent<sup>(1)</sup></u>	<u>Financially Literate<sup>(2)</sup></u>
David Netherway	Independent	Financially Literate
Ryan Goodman	Independent	Financially Literate
Gary R. Thompson	Not Independent <sup>(3)</sup>	Financially Literate

#### Notes:

<sup>(1)</sup> A member is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of that member's independent judgment.

- (2) A member is financially literate if such member has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issued that can reasonably be expected to be raised by the Company’s financial statements.
- (3) Gary R. Thompson is not independent because he is the CEO of the Company.

All of the proposed members of the Audit Committee are considered to be financially literate as required by section 1.6 of NI 52-110.

### Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see “*Directors and Executive Officers*”.

### Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

Since the Company is a “venture issuer” pursuant to applicable Canadian securities legislation, it is relying upon the exemption provided for at section 6.1 of NI 52-110 in respect of the composition of the Audit Committee.

### External Auditor Service Fees by Category

The fees billed by the Company’s external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) were as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>(1)</sup></b>	<b>Tax Fees<sup>(2)</sup></b>	<b>All Other Fees<sup>(3)</sup></b>
July 31, 2021	\$10,673	–	Nil	Nil
July 31, 2022	\$12,000	-	Nil	\$12,000 <sup>(4)</sup>

**Notes:**

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.
- (4) \$4,000 for each quarterly review.

The Company paid \$10,673 including GST in audit fees during the financial year ended July 31, 2021 for services relating to the audits of the financial statements of the Company for the period from January 29, 2021, to July 31, 2021.

## STATEMENT ON CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at meetings held as required.

NP 58-201 establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

### **Mandate of the Board**

The Board assumes responsibility for the stewardship of the Company and the enhancement of shareholder value. The Board is responsible for:

- (a) adopting a strategic plan for the Company and reviewing the plan in light of management's assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products;
- (b) ensuring that the risk management of the Company is prudently addressed;
- (c) reviewing the Company's approach to human resource management and overseeing succession planning for management;
- (d) reviewing the Company's approach to corporate governance, including an evaluation of the adequacy of the mandate of the Board and director independence standards; and
- (e) upholding a comprehensive policy for communications with shareholders and the public at large.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of Silver47. The Board intends to meet at least quarterly and at each meeting there is a review of the business of Silver47.

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

### **Composition of the Board**

The Board is composed of three directors, two of whom qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with Silver47, as defined in NI 58-101. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors, Ryan Goodman and David Netherway are considered independent for the purposes of NI 58-101. Gary R. Thompson, as CEO of the Company, is not considered independent for the purposes of NI 58-101.

### **Directorships**

See "*Directors and Executive Officers – Director and Executive Officer Biographies*" for a table setting out the directors of the Company that currently serve on the boards of directors of other reporting issuers in Canada.

The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of Gary R. Thompson, Ryan Goodman, and David Netherway on the Board or create any potential for conflicts of interest.

### **Orientation and Education**

Each new director participates in the Company's initial orientation program and each director participates in the Company's continuing director development programs. The Board reviews the Company's initial orientation program and continuing director development programs. Silver47 provides new directors copies of relevant financial, technical, geological and other information regarding its properties and meetings with management. Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records.

### **Ethical Business Conduct**

While Silver47 has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour

### **Nomination of Directors**

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management. The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

Compensation matters are currently determined by the Board upon the recommendation of the CCGC.

### **Other Board Committees**

The Board has two standing committees: Audit Committee and Compensation and Corporate Governance Committee (the "CCGC").

#### ***Audit Committee***

For additional information with respect to the Audit Committee of the Company, see "*Audit Committee*".

#### ***Compensation and Corporate Governance Committee***

The members of the CCGC are Gary R. Thompson, Ryan Goodman (Chair) and David George Netherway. The CCGC's purpose is to: (a) discharge the Board's responsibilities relating to compensation of the Company's executive officers. Among other things, the CCGC will establish and administer the Company's policies, programs and procedures for compensating and providing incentives to its executive officers; (b) identify individuals qualified to become Board members; (c) recommend qualified candidates to fill Board vacancies and newly created director positions; (d) recommend whether incumbent directors should be nominated for re-election to the Board upon expiration of their terms; and (e) advise the Board of the appropriate corporate governance procedures that should be followed by the Company and the Board and monitor whether they comply with such procedures.

## **Assessments**

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers and takes into account: (1) in the case of the Board, its mandate; and (2) in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

## **RISK FACTORS**

*Investing in the Company's securities is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of the Company's securities to lose part or all of their investment. The risks set out below are not the only risks the Company faces; risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially and adversely affect the Company's business, financial condition, results of operations and prospects. Before deciding whether to invest in any securities of the Company, investors should consider carefully the risks discussed below.*

### **Risks Relating to Silver47**

#### ***Limited Operating History***

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on any properties optioned by the Company. There is no guarantee that economic quantities of mineral reserves will be discovered on the Property by the Company in the near future or at all. If the Company does not generate revenue, it may be unable to sustain its operations in which case it may become insolvent and you may lose your investment.

#### ***Negative Cash Flows From Operations***

Since the Incorporation, the Company has sustained net losses from operations and had negative cash flow from operating activities of \$1,191,764. The Company continues to have negative operating cash flow. It is highly likely the Company may have negative cash flow in any future period and as a result, the Company will need to use available cash to fund any such negative cash flow.

#### ***Substantial Capital Requirements and Liquidity***

It is anticipated the Company will make substantial capital expenditures for the acquisition, exploration, development and production of natural resources in the future. The Company may have limited ability to expend the capital necessary to undertake or complete its projects or to fulfill the Company's obligations under any applicable agreements. There can be no assurance that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

#### ***Speculative Nature of Mineral Exploration***

Resource exploration, development, and operations are highly speculative and characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not mitigate or eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines.

Mining investments are also subject to the risks normally associated with any conduct of business, including uncertain political and economic environments, war, terrorism and civil disturbances, changes in laws or policies of particular countries (including those relating to imports, exports, duties and currency), cancellation or renegotiation of contracts, royalty and tax increases or other claims by government entities (including retroactive claims), risk of loss due to disease and other potential endemic health issues, risk of expropriation and nationalization, delays in obtaining or the inability to obtain or maintain necessary governmental permits, currency fluctuations, import and export regulations (including restrictions on the export of gold or other minerals) and increased financing costs.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs.

Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. The Company will rely in part upon consultants and others for exploration, development, construction and operating expertise.

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. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Property and any other properties the Company may acquire or its operations.

Such restrictions may have a material adverse effect on the Company's business and results of operation.

### ***Dilution***

Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company will issue additional Common Shares from time to time pursuant to the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares will result in dilution to holders of Common Shares.

### ***Acquisition of Additional Mineral Properties***

If the Company abandons the exploration and development of the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the CSE. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

### ***Commercial Ore Deposits***

The Property is in the exploration stage only and is without a known body of commercial ore. Development of this property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

### ***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 Property.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

There is no assurance that future changes to existing laws and regulations will not impact the Company. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

### ***Environmental Risks***

All phases of the natural resource business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development, and production. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. Legislation may also require that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to domestic or foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

In addition, certain types of operations may require the submission and approval of environmental impact assessments to be conducted before permits can be obtained and there can be no assurances that the Company will be able to obtain or maintain all necessary permits that may be required for operations to be conducted at economically justifiable costs. The cost of compliance has the potential to reduce the profitability of operations by increasing costs and delaying production.

Governments at all levels may be moving towards enacting legislation to address climate change concerns, such as requirements to reduce emission levels and increase energy efficiency, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Where legislation has already been enacted, such regulations may become more stringent, which may result in increased costs of compliance. There is no assurance that compliance with such regulations will not have an adverse effect on the

Company's results of operations and financial condition. Furthermore, given the evolving nature of the debate related to climate change and resulting requirements, it is not possible to predict the impact on the Company results of operations and financial condition.

### ***Reliance on Key Individuals***

The Company's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

### ***Key Person Insurance***

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

### ***Uninsurable Risks***

In the course of exploration, development and production of mineral properties, certain risks may occur, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased exploration costs, damage to, or destruction of, mineral properties or facilities used for exploration and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on company property, and punitive awards in connection with those claims and other liabilities. 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. Liabilities that the Company incurs may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event the Company could incur significant costs that could adversely impact the Company's business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral interests or other assets for nonpayment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by the Company's personnel. 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 Common Shares.

### ***Mineral Titles***

The Company is satisfied that evidence of title to the Property is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the Property. The Company may face challenges to the title the Property or subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of the Company's business plan.

### ***Loss of Interest in Properties***

The Company's ability to maintain an interest in the properties owned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the Property in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties transferred to or optioned by the Company.

Failure to obtain additional financing may result in the Company being unable to complete the required work required to keep the Property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the Property.

### ***Title Risk and First Nation Claims for Mineral Properties***

The Property or other properties owned or optioned by the Company may in the future be the subject of First Nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned or owned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned or purchased by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with First Nations in order to facilitate exploration and development work on the properties optioned or owned by the Company.

First Nations' rights may be claimed on Crown properties or other types of tenure. The nature and extent of First Nation rights is complex and evolving. The Supreme Court of Canada's decision in *Tsilhqot'in Nation v. British Columbia* (2014 SCC 44) marked the first time in Canadian history that a court has declared First Nations' title and rights to lands outside of reserve land, particularly a large area of land in Central British Columbia, including rights to decide how the land will be used, occupancy and economic benefits. The Company's Canadian mineral properties may now or in the future be the subject of aboriginal or indigenous land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in its Canadian mineral properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which its Canadian mineral properties are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of aboriginal interests in order to facilitate exploration and development work on its Canadian mineral properties, and there is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop its Canadian mineral properties.

### ***Fluctuating Mineral Prices***

The Company's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of the Company's exploration on these properties and whether development will be commercially viable or even possible. 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.

### ***Competition***

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

### ***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 Crises***

The Company may be adversely affected by public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities. The recent outbreak of the novel coronavirus known as COVID-19 initially impacted access to and from, and overall economic activity in, parts of China and has since spread globally. To date, the Company has not been materially adversely impacted by the outbreak. However, a prolonged continuance of this public health crisis, an increase in its breadth or in its overall severity, could adversely affect the Company's workforce and ability to operate generally as well as cause significant investment decisions to be delayed or postponed. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

### ***Financing Risks***

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares and the Company does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by the Company. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of the property owned by the Company, there is no assurance that any such funds will be available. At present it is impossible to determine what amounts of additional funds, if any, may be required.

### ***Resale of Common Shares***

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

### ***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

There is currently no public trading market for the Common Shares, and the Company cannot assure that after Listing a public trading market will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult to sell Common Shares at an attractive price or at all. The Company cannot predict the prices at which its Common Shares will trade.

### ***Risks Relating to the Common Shares***

Securities of microcap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. If

the Common Shares are listed, the price of the Common Shares is also likely to be significantly affected by short-term changes in gold or other mineral prices or in the Company's financial condition or results of operations. Other factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares. The market price of the Common Shares is affected by many other variables which are not directly related to the success of the Company and are, therefore, not within the Company's control. These include other developments that affect the market for all resource sector securities, the breadth of the public market for the Company's Common Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Share price volatile in the future, which may result in losses to investors.

#### ***Shortages of Critical Parts, Equipment and Skilled Labour***

The Company's ability to acquire critical resources such as input commodities, drilling equipment, tires and skilled labour due to increased worldwide demand, may cause unanticipated cost increases and delays in delivery times, thereby impacting capital expenditures and exploration schedules.

#### ***Conflicts of Interest***

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of *the Business Corporations Act* (British Columbia). Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

- Participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
- No commissions or other extraordinary consideration will be paid to such directors and officers; and business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

#### ***Principal Shareholders***

As at the date of this Prospectus, one shareholder of the Company, being XT88, a company controlled by Gary R. Thompson, owns approximately 35.31% of the issued and outstanding Common Shares. In addition, Gary R. Thompson and Brenda Thompson, are spouses of one another and are considered "associates" for the purposes of applicable securities laws. Accordingly, each of these shareholders will be in a position to exert significant influence on the corporate actions that the Company may take, particularly when shareholder approval is required. These shareholders' controlling interests could have the effect of delaying or preventing a change of control of the Company or entrenching the Board or management, which could conflict with the interests of the other shareholders and, consequently, could adversely affect the market price of the Company's securities.

### ***Claims and Legal Proceedings***

The Company may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including claims relating to ex-employees. These matters may give rise to legal uncertainties or have unfavourable results. The Company will carry liability insurance coverage and mitigate risks that can be reasonably estimated. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact the Company's financial position, cash flow and results of operations.

### ***Local Resident Concerns***

Exploration, development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

### ***Tax Issues***

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

### ***Dividends***

The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") that are generally applicable to a beneficial owner of Special Warrants who acquires Special Warrant Shares and Underlying Warrants pursuant to the exercise or deemed exercise of Special Warrants, to a beneficial owner of Underlying Warrants who acquires Warrant Shares pursuant to the exercise or deemed exercise of Underlying Warrants and to a beneficial owner of Flow-Through Special Warrants who acquires Flow-Through Special Warrant Shares pursuant to the exercise or deemed exercise of Flow-Through Special Warrants, and who, for the purposes of the application of the Tax Act and at all relevant times: (i) acquired the Special Warrants or Flow-Through Special Warrants as beneficial owner; (ii) deals at arm's length and is not affiliated with the Company; and (iii) holds the Special Warrants, Flow-Through Special Warrants, Special Warrant Shares, Underlying Warrants, Warrant Shares or Flow-Through Warrant Shares, as capital property (referred to as a "**Holder**" or "**Holders**"). This summary is intended only to address such Holders. For purposes of this summary, references to "Common Shares" shall include Special Warrant Shares, Warrant Shares and Flow-Through Warrant Shares unless otherwise indicated. Special Warrants, Flow-Through Special Warrants, Common Shares and Underlying Warrants will generally be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This overview is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purpose of the mark-to-market rules; (ii) an interest in which would be a "tax shelter investment", as defined in the Tax Act; (iii) that is a "specified financial institution", as defined in the Tax Act; (iv) that has made an election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that enters into, with respect to their Special Warrants, Common Shares or Underlying Warrants, a "derivative forward agreement" or "synthetic disposition arrangement", as defined in the Tax Act. Such Holders are advised to obtain their own tax advice.

This overview is based on the current provisions of the Tax Act and the regulations thereunder (the "**Tax Regulations**"), and all specific proposals to amend the Tax Act or the Tax Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). No assurance can be given that the Proposed Amendments will be enacted in the form proposed,

or at all. This summary does not discuss all possible Canadian federal income tax considerations and, except as mentioned above, does not otherwise contemplate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

**This summary is provided for information purposes only and is not intended to be, nor should it be construed as, legal or tax advice to any particular Holder. Holders are advised to obtain their own tax advice having regard to their particular circumstances.**

### **Exercise of Special Warrants, Flow-Through Special Warrants and Underlying Warrants**

No gain or loss will be realized by a Holder upon the exercise or deemed exercise of a Special Warrant to acquire one Special Warrant Share and one Underlying Warrant, a Flow-Through Special Warrant to acquire a Flow-Through Warrant Share or an Underlying Warrant to acquire a Warrant Share.

When a Special Warrant is exercised for one Special Warrant Share and one Underlying Warrant, the aggregate cost of the Special Warrant Share and one Underlying Warrant will be equal to the Holder's adjusted cost base of the Special Warrant. The adjusted cost base of the Special Warrant Share will be determined by averaging such cost with the adjusted cost base to the Holder of all other Common Shares owned by the Holder immediately prior to such exercise. Holders will be required to allocate on a reasonable basis their cost of the Special Warrants between the Special Warrant Share and Underlying Warrant in order to determine their respective costs for purposes of the Tax Act. For its purposes, the Company intends to allocate \$● to the Special Warrant Share and \$● to the Underlying Warrant. Although the Company believes that its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Special Warrant Share will be determined by averaging the cost allocated to the Special Warrant Share with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

When a Flow-Through Special Warrant is exercised or deemed to be exercised, the cost of the Flow-Through Warrant Share acquired by the Holder will be nil. The adjusted cost base of the Flow-Through Warrant Share will be determined by averaging such cost with the adjusted cost base to the Holder of all other Common Shares owned by the Holder immediately prior to such acquisition.

When a Underlying Warrant is exercised or deemed to be exercised, the cost of the Warrant Share acquired by the Holder will be the aggregate of the Holder's adjusted cost base of such Underlying Warrant and the exercise price paid to acquire the Warrant Share. The adjusted cost base of the Warrant Share will be determined by averaging such cost with the adjusted cost base to the Holder of all other Common Shares owned by the Holder immediately prior to such acquisition.

### **Holders Resident in Canada**

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a "**Canadian Holder**").

#### *Expiry of Underlying Warrants*

If a Underlying Warrant expires, the expiry of an unexercised Underlying Warrant will generally result in a capital loss to the Canadian Holder equal to the adjusted cost base of the Underlying Warrant to the Canadian Holder immediately prior to its expiry.

#### *Dividends*

Dividends received or deemed to be received by a Canadian Holder on the Common Shares will be included in computing the Canadian Holder's income pursuant to the Tax Act. If the Canadian Holder is an individual (other than certain trusts), such dividends will be subject to the "gross-up" and "dividend tax credit" rules normally applicable to taxable dividends received from taxable Canadian corporations. Such dividends will also be subject to the enhanced

gross-up and dividend tax credit provisions where the Company provides notice to the recipient designating the dividend as an "eligible dividend" pursuant to the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends". Dividends received or deemed to be received on the Common Shares by a Canadian Holder that is a corporation will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a dividend as proceeds of disposition of a capital gain. Canadian Holders that are corporations are advised to obtain their own tax advice having regard to their particular circumstances.

A Canadian Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax of 38 1/3% under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Canadian Holder's taxable income. Canadian Holders to whom these rules may be relevant should consult their own tax advisors.

#### *Dispositions of Common Shares and Underlying Warrants*

Upon a disposition or deemed disposition of a Common Share (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market), or an Underlying Warrant (other than a disposition arising on the exercise of a Underlying Warrant), a capital gain (or loss) will generally be realized by a Canadian Holder in the year of disposition to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Common Share or Underlying Warrant, as the case may be, to the Canadian Holder immediately before the disposition. Any such capital gain (or capital loss) arising from a disposition or deemed disposition is discussed more fully below under the subheading "*Taxation of Capital Gains and Capital Losses*".

#### *Taxation of Capital Gains and Capital Losses*

Generally, in computing its income for a taxation year a Canadian Holder is required to include one-half of the amount of any capital gain realized in the year (a "**taxable capital gain**"). Subject to and in accordance with the provisions of the Tax Act, a Canadian Holder is required to deduct one-half of the amount of any capital loss realized in a taxation year from taxable capital gains realized in the year by such Canadian Holder (an "**allowable capital loss**"). Allowable capital losses in excess of taxable capital gains in a taxation year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such year, in accordance with the provisions of the Tax Act.

Where the Canadian Holder is a corporation, the amount of a capital loss, if any, realized on a disposition of Common Shares may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares, in accordance with the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Canadian Holders to whom these rules may be applicable are advised to obtain their own tax advice.

A Canadian Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a special tax (refundable in certain circumstances) on "aggregate investment income" (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

#### *Alternative Minimum Tax*

Capital gains realized and dividends received by a Canadian Holder that is an individual or a trust, other than certain specified trusts, may give rise to an alternative minimum tax under the Tax Act. Canadian Holders should consult their own tax advisors with respect to the application of minimum tax.

#### *Eligibility for Investment*

The Common Shares are not currently listed on a designated stock exchange and the Company expresses no opinion on the eligibility for investment of any of the Common Shares and Underlying Warrants in a registered plan.

**Holders wishing to hold Common Shares or Underlying Warrants in a registered plan are urged to consult their tax advisors.**

### **Holders Not Resident in Canada**

The following summary applies to a Holder who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold the Special Warrants, Flow-Through Special Warrants, Common Shares or Underlying Warrants in carrying on a business in Canada (a "**Non-Canadian Holder**"). In addition, this discussion does not apply to a Non-Canadian Holder that is a "registered non-resident insurer" or an "authorized foreign bank" (as such terms are defined in the Tax Act).

#### *Dividends*

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the U.S. that is entitled to full benefits under the Canada-U.S. Income Tax Convention (1980) as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%. Non-Canadian Holders should consult their own tax advisors in this regard.

#### *Dispositions of Common Shares and Underlying Warrants*

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition or deemed disposition of a Common Share or Underlying Warrant unless the Common Share or Underlying Warrant constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition, and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident.

Common Shares and Underlying Warrants will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition of the Common Shares or Underlying Warrants more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) "Canadian resources properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, in certain circumstances Common Shares or Underlying Warrants may otherwise be deemed to be taxable Canadian property to a Non-Canadian Holder for purposes of the Tax Act.

In addition, if at the time of disposition Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act), Common Shares and Underlying Warrants will generally not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition the conditions in the immediately foregoing paragraph were met and one or any combination of (a) the Non-Canadian Holder; (b) persons with whom the Non-Canadian Holder did not deal at arm's length; and (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class of the capital stock of the Company.

A Non-Canadian Holder contemplating a disposition of Common Shares or Underlying Warrants that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

In the event that a Common Share or Underlying Warrant constitutes taxable Canadian property of a Non-Canadian Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act or pursuant to an applicable income tax convention, the income tax consequences discussed above for Canadian Holders under "*Taxation of Capital Gains and Capital Losses*" will generally apply to the Non-Canadian Holder.

## PROMOTERS

XT88, a shareholder of the Company owns, controls or directs, directly or indirectly, 10,000,000 Common Shares representing approximately 35.29% of the issued and outstanding Common Shares on a non-diluted basis.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, since Incorporation on January 29, 2021, and no such proceedings or actions are known by the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since Incorporation.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Prospectus, no director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus which has materially affected or is reasonably expected to materially affect the Company.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is MNP LLP at Suite 2200 - 1021 Hastings St. W, MNP Tower, Vancouver, BC V6E 0C3.

The transfer agent and registrar for the Common Shares in Canada is Odyssey Trust Company at its principal offices at 1230 - 300 5<sup>th</sup> Ave SW, Calgary, AB T2P 3C4.

## MATERIAL CONTRACTS

There are no contracts of the Company that are material to the Company, other than as set forth below:

- The Purchase Agreement; See "*Description of the Business - History of the Company - Purchase Agreement*";
- The Escrow Agreement to be entered between the Company and the Escrow Agent.

Copies of the foregoing document will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

## INTEREST OF EXPERTS

MNP LLP, the auditor of the Financial Statements included in this Prospectus, has advised the Company that it is independent of the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Certain legal matters in respect of this Prospectus have been passed upon on behalf of Silver47 by DLA Piper (Canada) LLP.

As at the date of this Prospectus, neither the partners and associates of MNP LLP, as a group, nor the partners and associates of DLA Piper (Canada) LLP, as a group, hold any Common Shares of the Company.

The Technical Report was prepared by Jean Pautler, P. Geo. whom has no interest in the Company, the Company's securities or the Property and has not held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when the Technical Report was prepared or thereafter.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Special Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the Special Warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

## **CONTRACTUAL RIGHT OF RESCISSION**

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the issuer on exercise of the Special Warrant as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired,
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the Special Warrant, and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser of Special Warrants may have at law.

**SCHEDULE A**  
**FINANCIAL STATEMENTS FOR THE COMPANY**

# **SILVER47 EXPLORATION CORP.**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED FROM  
INCORPORATION ON JANUARY 29, 2021 TO JULY 31, 2021  
(Expressed in Canadian Dollars)

## To the Shareholders of Silver47 Exploration Corp.:

### Opinion

We have audited the financial statements of Silver47 Exploration Corp. (the "Company"), which comprise the statement of financial position as at July 31, 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation to July 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021, and its financial performance and its cash flows for the period from incorporation to July 31, 2021 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Jenny Lee.

Vancouver, British Columbia

Chartered Professional Accountants

**Silver47 Exploration Corp.**  
Statement of Financial Position  
(Expressed in Canadian dollars)

	Notes	As at July 31, 2021 (\$)
<b>Assets</b>		
Current assets		
Cash	6	1,437,295
Prepays and other receivables	7	120,000
<b>Total Assets</b>		<b>1,557,295</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities		65,306
<b>Shareholders' Equity</b>		
Share Capital	8	1,157,427
Contributed surplus	8	800,040
Accumulated deficit		(465,478)
<b>Total Shareholders' Equity</b>		<b>1,491,989</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,557,295</b>

**Nature of Operations** (Note 1)

**Commitments** (Note 14)

**Subsequent Event** (Note 15)

Approved by the Board of Directors:

/s/ "Gary Thompson"

**Gary Thompson**  
Director

/s/ "David Netherway"

**David Netherway**  
Director

*The accompanying notes are an integral part of these financial statements*

**Silver47 Exploration Corp.**  
Statement of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

	Notes	Period from incorporation on January 29, 2021 to July 31, 2021 (\$)
<b>Expenses</b>		
Accounting expenses		10,673
Consulting fees		10,000
Exploration expenditures		16,874
General and administrative		10,601
Legal expenses		77,330
Management and directors' fees	8	125,000
Share-based compensation	8	215,000
<b>Net loss and comprehensive loss for the period</b>		<b>(465,478)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.03)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		<b>13,550,918</b>

*The accompanying notes are an integral part of these financial statements*

**Silver47 Exploration Corp.**  
Statement of Changes in Equity  
(Expressed in Canadian dollars)

		Number of Common Shares	Share Capital (\$)	Warrant Reserves (\$)	Contributed Surplus Share-based payment (\$)	Accumulated Deficit (\$)	Total (\$)
	Notes	Shares	Capital (\$)	Warrant Reserves (\$)	Share-based payment (\$)	Accumulated Deficit (\$)	Total (\$)
<b>Balance at January 29, 2021</b>		-	-	-	-	-	-
Issued capital for cash	8	12,000,000	30,000	-	90,000	-	120,000
Issued capital for services	8	2,900,000	165,000	-	125,000	-	290,000
Private placement	8	2,840,000	852,000	568,000	-	-	1,420,000
Amalgamation	2	4,649,000	177,194	-	-	-	177,194
Share issuance costs	8	-	(66,767)	17,040	-	-	(49,727)
Net loss for the period		-	-	-	-	(465,478)	(465,478)
<b>Balance at July 31, 2021</b>		22,389,000	1,157,427	585,040	215,000	(465,478)	1,491,989

*The accompanying notes are an integral part of these financial statements*

**Silver47 Exploration Corp.**  
Statement of Cash Flows  
(Expressed in Canadian dollars)

	Notes	Period from incorporation on January 29, 2021 to July 31, 2021 (\$)
<b>Operating activities</b>		
Net loss before tax for the period		(465,478)
Items not involving cash:		
Issued capital for services	8	165,000
Share-based compensation	8	215,000
Net changes in non-cash working capital items:		
Prepays and other receivables	7	(60,000)
Accounts payable and accrued liabilities		65,306
<b>Cash used in operating activities</b>		<b>(80,172)</b>
<b>Financing activities</b>		
Proceeds from private placement of common shares, net of share issuance costs		1,517,467
<b>Cash provided by financing activities</b>		<b>1,517,467</b>
<b>Net increase in cash</b>		<b>1,437,295</b>
<b>Cash, beginning of period</b>		<b>-</b>
<b>Cash, end of period</b>		<b>1,437,295</b>

*The accompanying notes are an integral part of these financial statements*

## 1. Nature of Operations

Silver47 Exploration Corp. ("S47" or "the Company") is a company incorporated in Canada on January 29, 2021. The Company is engaged in mineral exploration of precious metal in Canada. The Company's head office is located at Suite 551, 409 Granville Street, Vancouver, British Columbia, V6C 1T2, Canada.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations in the normal course of business. At present, the Company's operations do not generate cash flows. The cash balance will enable the Company to continue in operation and meet its obligations as and when they fall due, for at least the next twelve months.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

## 2. Amalgamation

On March 11, 2021, Silver47 Exploration Corp. entered into the amalgamation agreement with Gastown Acquisition 2.0 Corp. ("Gastown") where the outstanding common shares of the two companies will be consolidated on the basis of one post-consolidation share for each pre-consolidation common shares.

On July 29, 2021, Silver47 Exploration Corp. has completed its amalgamation with Gastown Acquisitions 2.0 Corp. and the amalgamated company will adopt the name of Silver 47 Exploration Corp. The Company concluded that Gastown did not meet the definition of a business and accordingly the transaction was accounted for as an asset acquisition. The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

<b>Consideration paid:</b>	\$
Shares issued	177,194
<b>Net assets acquired:</b>	\$
Cash	117,194
Share subscription receivables	60,000
Net value of net assets acquired	177,194

## 3. Basis of Preparation

### 3.1 Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements were authorized for issue by the Company's board of directors (the "Board") on September 1, 2021.

### **3. Basis of Preparation (continued)**

#### **3.2 Basis of presentation**

The Company's financial statements have been prepared on a historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The Company's financial statements are presented in Canadian dollars ("\$" or "dollars"). All values are rounded to the nearest dollar except where otherwise indicated.

### **4. Significant Accounting Policies**

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash in bank.

#### ***Financial Instruments***

The Company classifies its financial instruments in the following categories: as FVTPL, FVTOCI, financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial asset or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

#### ***Recognition***

Financial instruments are recognized in the statements of financial position on the trade date, being the date in which the Company becomes a party to the contractual provisions of the financial instrument.

#### ***Classification***

The Company classifies its financial assets and financial liabilities using the following measurement categories:  
(a) Those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss); and (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designed as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at the fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and is accounted for at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit and loss.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. All financial instruments are initially recorded at fair value.

#### **4. Significant Accounting Policies (continued)**

##### ***Financial Instruments (continued)***

###### *Derecognition*

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in statement of loss and comprehensive loss.

###### *Fair value hierarchy*

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy is cash. The fair value of all other financial instruments which include accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

##### ***Exploration and evaluation expenditures***

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include property option payments and other property acquisition and preservation costs and exploration and evaluation activities.

##### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

##### ***Share capital***

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

#### **4. Significant Accounting Policies (continued)**

##### ***Warrants***

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates total proceeds of the private placement units to the shares and warrants in proportion to their relative fair values. Any fair value attributed to the warrants is recorded as contributed surplus.

##### ***Income taxes***

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### ***Earnings/Loss per share***

Basic earnings/loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

#### **4. Significant Accounting Policies (continued)**

##### ***Business combination***

Business acquisitions are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the Company. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred by the Company, and the equity interests issued by the Company in exchange for control of the acquiree. Transaction costs that the Company incurs in connection with a business combination are recognized in the statements of loss and comprehensive loss as incurred. Goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the amounts of the identifiable assets acquired and the liabilities assumed on the acquisition date.

To identify if an acquisition meets the definition of a business, the Company may apply the optional ‘concentrate test’ to aid the assessment of whether a transaction represents a business combination or is simply in substance the purchase of a single asset or group of similar assets.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill. Business acquisitions are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the Company. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred by the Company, and the equity interests issued by the Company in exchange for control of the acquiree. Transaction costs that the Company incurs in connection with a business combination are recognized in the statements of loss and comprehensive loss as incurred. Goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the amounts of the identifiable assets acquired and the liabilities assumed on the acquisition date.

##### ***Use of estimates and judgements***

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates made by management include the following:

i. Valuation of warrants

Management uses the Black-Scholes option pricing model to determine the fair value of warrants issued. This model requires assumptions of the expected future volatility of the Company’s common shares, expected life of warrants, future risk-free interest rates and the dividend yield of the Company’s common shares.

ii. Income taxes

Provisions for income and other taxes are based on management’s interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such difference may result in eventual tax payments differing from amounts accrued. Reporting amounts for deferred tax assets and liabilities are based on management’s expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

#### **4. Significant Accounting Policies (continued)**

Significant areas requiring the use of management's judgments include:

i. **Going concern**

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the period ended July 31, 2021. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 1 for additional information.

ii. **Business combination**

Judgment is used in determining whether an acquisition is a business combination, or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in IFRS 3 Business Combinations.

#### **5. New Accounting Standards Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after August 1, 2021. All future accounting changes are either not applicable or do not have a significant impact to the Company and have been excluded.

#### **6. Cash**

As at July 31, 2021, the Company has \$1,437,295 cash in bank. The majority of the cash was generated from the Company's private placement closed on July 8, 2021, see Note 8.

#### **7. Prepaids and Other Receivables**

As at July 31, 2021, the Company has \$60,000 prepaid marketing expenses to its marketing consultants and \$60,000 subscription receivable from Gastown Acquisition 2.0 Corp shareholders. The Company received \$60,000 subsequent payments of the subscription receivable.

#### **8. Share Capital**

a) *Authorized*

Unlimited number of common shares with no par value.

b) *Issued and Outstanding*

On January 29, 2021 upon incorporation, the Company issued founder shares of 10,000,000 common shares at \$0.001 per share to a company controlled by its sole director for gross proceeds of \$10,000 and 2,000,000 common shares at \$0.01 per share to the spouse of the sole director for gross proceeds of \$20,000. The fair value of the shares was determined to be \$0.01 per share. As a result, the common shares issued at \$0.001 were fair valued to \$0.01 per share and the Company recognized a share-based compensation of \$90,000.

On March 5, 2021, the Company issued 400,000 common shares at \$0.10 per share to its legal consultant for previous and ongoing legal services that were valued at \$40,000. On June 1, 2021, the Company issued 2,500,000 common shares at \$0.05 per share to a company controlled by its sole director for previous and ongoing management fees that were valued at \$125,000. Since there has been no significant transaction in the Company's operations, the fair value of the \$0.05 shares was determined to be \$0.10 per share and the Company recognized a share-based compensation of \$125,000.

**8. Share Capital (continued)**

*b) Issued and Outstanding (continued)*

On July 8, 2021 (“Closing Date”), the Company closed its private placement in which 2,840,000 units at \$0.50 per unit for a total cash consideration of \$1,420,000. Each unit consists of one common share and one common share warrant that entitles the holder to purchase one common share at a price of \$0.75 per share for a period of 36 months from the Closing Date. The fair value of the warrants was estimated to be \$568,000 using the Black-Scholes pricing model with the following assumptions: risk free interest rate of 0.65%, expected life of 3 years, expected dividend yield of 0%, and expected volatility 144.71%. As there is no trading history of the Company’s common shares, the expected volatility is based on the historical share price volatility of a group of comparable companies in the sector the Company operates over a period similar to the expected life of the warrants. Finder’s fee consisting of \$42,600 in cash and 85,200 finder’s warrants valued at \$17,040 using Black-Scholes pricing model. The Company also incurred \$7,012 in related share issuance costs.

On July 29, 2021, the Company completed its amalgamation with Gastown Acquisitions 2.0 Corp, in which 4,649,000 common shares were issued to Gastown Acquisition 2.0 Corp. shareholders on a ratio of one to one, see note 2.

As at July 31, 2021, the Company has issued a total of 22,389,000 common shares.

*c) Warrants*

The following is a summary of warrant transactions for the period ended July 31, 2021:

	July 31, 2021	
	Number of warrants	Weighted average exercise price \$
Warrants outstanding and exercisable, beginning of period	-	-
Issued	2,925,200	0.74
Warrants outstanding and exercisable, end of period	2,925,200	0.74

The following warrants were outstanding and exercisable as at July 31, 2021:

Expiry date	Exercise Price \$	Number of warrants outstanding and exercisable	Weighted average contractual life (years)
July 8, 2024	0.75	2,840,000	2.94
July 8, 2024	0.50	85,200	2.94
	0.74	2,925,200	2.94

**9. Income Taxes**

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the period from date of incorporation to July 31, 2021:

**9. Income Taxes (continued)**

	<b>July 31, 2021</b>
	<b>\$</b>
Net loss before tax	(465,478)
Statutory tax rate	27.00%
Expected income tax (recovery)	(125,679)
Non-deductible items	58,050
Share issuance costs	(22,146)
Change in deferred tax asset not recognized	89,775
Total tax expense (recovery)	<u>-</u>

The unrecognized deductible temporary differences as at July 31, 2021 are comprised of the following:

	<b>July 31, 2021</b>
	<b>\$</b>
Non-capital loss carryforwards	167,499
Share issuance costs	73,798
Exploration expense	16,874
Undepreciated capital costs	74,330
Total unrecognized deductible temporary differences	<u>332,501</u>

The Company has not recognized non-capital loss carryforwards of approximately \$167,499 which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following year:

<b>Expiry</b>	<b>\$</b>
2041	167,499
<u>Total</u>	<u>167,499</u>

**10. Capital Risk Management**

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements and future acquisitions of mineral properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, debt, acquire or dispose of assets or adjust the amount of cash.

At July 31, 2021, the Company's capital structure consists of the equity of the Company. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

## **11. Financial Instruments**

The Company's financial assets include cash. The Company's financial liabilities include accounts payable. The carrying value of the Company's financial liabilities approximate fair value due to their short term to maturity.

### **11.1 Financial risk management objectives and policies**

The financial risk arising from the Company's operations are credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### **11.2 Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances. The Company mitigates credit risk associated with its bank balance by holding cash with large, reputable financial institutions.

### **11.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The Company's working capital as at July 31, 2021 was \$1,491,989. The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

## **12. Related Party Transactions**

See note 8 on common shares issued to the Company's sole director, a company controlled by its sole director, and spouse of the sole director. The purpose of these transactions is to compensate for the start-up process that includes initial business strategies, project screening and evaluation, business negotiation with Silver Range and Gastown, and etc. The transactions are deemed at market rate. The Company will require ongoing services from the related parties when deemed necessary.

## **13. Operating Segments**

The Company conducts its business as a single operating segment, being mineral exploration. Substantially all of the Company's assets and liabilities are held within Canada.

## **14. Commitments**

On February 19, 2021, the Company signed an asset purchase agreement ("Agreement") with Silver Range Resources Ltd. ("Silver Range") to acquire 100% interest in the Michelle Silver-Zinc-Lead Project located in central Yukon. Pursuant to the Agreement, the Company can purchase 100% interest in the Michelle Property by:

- Issuing to Silver Range 19.9% of the Company's shares following a listing on a Canadian securities exchange before March 1, 2022.
- Granting Silver Range a 1% Net Smelter Return. The Company will have a right of first refusal on the sale of the royalty.

- Making a one-time milestone payment of \$1,000,000 in cash or the Company's shares upon the declaration of National Instrument 43-101 Measured & Indicated resources or reserves in excess of 80,000,000 ounces of silver.

## **15. Subsequent Events**

On August 18, 2021, the Company issued 19,200 common shares at \$0.50/share to a consultant to settle the recruitment fee. On August 18, 2021, the Company issued 120,000 common shares at \$0.50/share to its CFO as part of the compensation. These shares are reverse vested for 12 months.

On August 22, 2021, the Company has entered into a geological consulting contract at a budget of \$497,563 with Archer, Cathro & Associates (1981) Limited. The engagement commenced in late August 2021 and completed by September 30, 2021.

On September 30, 2021, the Company has implemented a share compensation plan ("the Plan") in which 10% of the total number of common shares that are issued and outstanding can be granted. In connection with the adoption of the Plan, the Company granted 2,000,000 options to its directors and officers with exercise price of \$0.50/share, exercisable for 10 years until September 30, 2031. 50% of the options are vested immediately, and the other 50% will be vested on September 30, 2022.

On February 19, 2021, the Company entered into an asset purchase agreement with Silver Range that was subsequently amended on November 2, 2021, pursuant to which the Company agreed to acquire the Property in consideration for issuing Silver Range 5,650,000 of Common Shares equal to 19.9% of the total number of issued and outstanding shares of Silver47 at a deemed price of \$0.50 per share and granting Silver Range a 1% net smelter returns royalty with respect to all mineral products extracted from any of the claims comprising the Property and all contiguous mining rights that in the future form part of the Property (the "Royalty"). Under the terms of the Royalty, Silver47 shall receive a right of first refusal on any sale or other transfer of the Royalty by Silver Range. The Purchase Agreement closed on November 17, 2021, after all conditions to closing have been met.

On April 14, 2022, the Company closed the 1<sup>st</sup> tranche of a non-brokered private placement of 2,522,334 Special Warrants at a price of \$0.75 per special warrant to certain arm's length investors for aggregate gross proceeds of \$1,891,750.50. Each Special Warrant entitles to holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. The Company also issued 86,521 Warrants as partial consideration for a finder's fee incurred in connection with the distribution of Special Warrants.

On May 31, 2022, the Company closed the 2<sup>nd</sup> tranche of a non-brokered private placement of 1,476,333 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,107,249.75. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. The Company also issued 12,283 Warrants for due diligence service in connection with the distribution.

On June 28, 2022, the Company closed a flow-through private placement of 1,219,600 Flow-Through Special Warrants at a price of \$0.82 per Flow-Through Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,000,072. Each Flow-Through Special Warrant entitles the holder to acquire one Common Share immediately upon the completion of the Liquidity and without payment of additional consideration. The Company also issued 85,372 Warrants to finders in connection with the distribution.

**Silver47 Exploration Corp.**  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	As at April 30, 2022 (\$)	As at July 31, 2021 (\$)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	3	2,833,824	1,437,295
Prepays and other receivables	4	120,408	120,000
		2,954,232	1,557,295
Non-current assets			
Exploration and evaluation assets	5	2,825,000	-
		5,779,232	1,557,295
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	165,059	65,306
<b>Equity</b>			
Issued capital	7	4,201,442	1,157,427
Reserves	7	3,320,037	800,040
Accumulated deficit		(1,907,306)	(465,478)
		5,614,173	1,491,989
		5,779,232	1,557,295

**Nature of Operations** (Note 1)

**Commitments** (Note 13)

**Subsequent Events** (Note 14)

Approved by the Board of Directors:

/s/ "Gary Thompson"

**Gary Thompson**  
Director

/s/ "David Netherway"

**David Netherway**  
Director

*The accompanying notes are an integral part of these condensed interim financial statements*

**Silver47 Exploration Corp.**  
Condensed Interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)  
(Unaudited)

		3 months ended	9 months ended	3 months ended	Period from incorporation on
	Notes	April 30, 2022	April 30, 2022	April 30, 2021	January 29, 2021 to April 30, 2021
		(\$)	(\$)	(\$)	(\$)
<b>Expenses</b>					
Accounting expenses		5,577	17,804	-	-
Consulting fees		5,370	10,370	-	-
Exploration expenditures		68,764	476,179	16,874	16,874
General and administrative		4,984	30,274	10	10
Legal expenses		16,540	35,814	40,000	40,000
Management and directors' fees	11	15,000	42,250	-	-
Share-based compensation	11	136,089	831,397	-	-
<b>Operating loss for the period</b>		<b>(252,324)</b>	<b>(1,444,088)</b>	<b>(56,883)</b>	<b>(56,883)</b>
<b>Other items</b>					
Interest income		1,170	2,260	-	-
<b>Other items for the period</b>		<b>1,170</b>	<b>2,260</b>	<b>-</b>	<b>-</b>
<b>Total net loss and comprehensive loss for the period</b>		<b>(251,154)</b>	<b>(1,441,828)</b>	<b>(56,883)</b>	<b>(56,883)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.01)</b>	<b>(0.06)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>					
		28,328,200	26,058,949	12,251,685	12,246,154

*The accompanying notes are an integral part of these condensed interim financial statements*

**Silver47 Exploration Corp.**

## Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Number of Common Shares	Share Capital (\$)	Reserves				Accumulated Deficit (\$)	Total (\$)
				Warrants Reserves (\$)	Special Warrants (\$)	Stock Options (\$)	Share-based Payments (\$)		
<b>Balance at January 29, 2021 and January 31, 2021</b>									
Issued capital for cash		12,000,000	30,000	-	-	-	90,000	-	120,000
Issued capital for services		2,900,000	165,000	-	-	-	125,000	-	290,000
Private placement		2,840,000	852,000	568,000	-	-	-	-	1,420,000
Amalgamation		4,649,000	177,194	-	-	-	-	-	177,194
Share issuance costs		-	(66,767)	17,040	-	-	-	-	(49,727)
Net loss for the period		-	-	-	-	-	-	(465,478)	(465,478)
<b>Balance at July 31, 2021</b>									
Issued capital for services	7	139,200	69,600	-	-	-	-	-	69,600
Issued capital for acquisition	7	5,650,000	2,825,000	-	-	-	-	-	2,825,000
Private placement	7	-	-	-	1,891,750	-	-	-	1,891,750
Private placement costs	7	-	-	13,497	(97,232)	-	-	-	(83,735)
Stock option grant	7	-	-	-	-	786,397	-	-	786,397
Stock option exercise	7	150,000	149,415	-	-	(74,415)	-	-	75,000
Net loss for the period		-	-	-	-	-	-	(1,441,828)	(1,441,828)
<b>Balance at April 30, 2022</b>									
		28,328,200	4,201,442	598,537	1,794,518	711,982	215,000	(1,907,306)	5,614,173

*The accompanying notes are an integral part of these condensed interim financial statements*

# **SILVER47 EXPLORATION CORP.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2022  
(Expressed in Canadian Dollars)  
(Unaudited)

**Silver47 Exploration Corp.**  
Condensed Interim Statement of Cash Flows  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	9 months ended April 30, 2022 (\$)	Period from incorporation on January 29, 2021 to April 30, 2021 (\$)
<b>Operating activities</b>			
Net loss		(1,441,828)	(56,883)
Adjustments for:			
Interest income		(2,260)	-
Items not involving cash:			
Issued capital for services	7	69,600	40,000
Share-based compensation	7	831,397	-
Net changes in non-cash working capital items:			
Prepays and other receivables		(45,408)	-
Accounts payable and accrued liabilities		35,253	16,883
<b>Cash used in operating activities</b>		<b>(553,246)</b>	<b>-</b>
<b>Investing activities</b>			
Interest received		2,260	-
<b>Cash provided in investing activities</b>		<b>2,260</b>	<b>-</b>
<b>Financing activities</b>			
Proceeds from share issuance	7	1,947,515	30,000
<b>Cash provided by financing activities</b>		<b>1,947,515</b>	<b>30,000</b>
<b>Net increase in cash</b>		<b>1,396,529</b>	<b>30,000</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>1,437,295</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>		<b>2,833,824</b>	<b>30,000</b>

*The accompanying notes are an integral part of these condensed interim financial statements*

## **Silver47 Exploration Corp.**

Notes to Condensed Interim Financial Statements

April 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### **1. Nature of Operations**

Silver47 Exploration Corp. ("S47" or "the Company") is a company incorporated in Canada on January 29, 2021. The Company is engaged in mineral exploration of precious metal in Canada. The Company's head office is located at Suite 551, 409 Granville Street, Vancouver, British Columbia, V6C 1T2, Canada.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations in the normal course of business. At present, the Company's operations do not generate cash flows. The cash balance will enable the Company to continue in operation and meet its obligations as and when they fall due, for at least the next twelve months.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

### **2. Basis of Preparation**

#### **2.1 *Statement of compliance***

The Company's condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of condensed interim financial statements including International Accounting Standard 34 Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended from incorporation on January 29, 2021 to July 31, 2021. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements were authorized for issue by the Company's board of directors (the "Board") on June 28, 2022.

#### **2.2 *Basis of presentation***

The Company's condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The Company's financial statements are presented in Canadian dollars ("\$" or "dollars"). All values are rounded to the nearest dollar except where otherwise indicated.

#### **2.3 *Critical accounting judgments and estimates***

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

#### Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that

**Silver47 Exploration Corp.**

Notes to Condensed Interim Financial Statements

April 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

require estimates as the basis for determining the stated amounts include: impairment of exploration and evaluation assets and inputs used in the valuation of share-based payments.

Exploration and evaluation assets:

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Share-based payments:

The Company uses the fair value-based method of accounting for stock options granted to employees and others as well as agent options issued on common share issuances. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of agent options at the date of issuance, as determined using the Black-Scholes model, is recognized as share issuance costs, with the offsetting credit to share-based payments reserve. If the stock options or agent options are exercised, the proceeds are credited to share capital and the fair value of the options or agent options exercised is reclassified from share-based payments reserve to share capital.

**3. Cash and cash equivalents**

As at April 30, 2022, the Company has \$2,833,824 (July 31, 2021: \$1,437,295) cash in bank which includes \$2,700,000 (July 31, 2021: \$nil) as cashable GIC (Guaranteed Investment Certificate). The majority of the cash was generated from the Company's private placement closed on July 8, 2021 and April 14, 2022.

**4. Prepaids and other receivables**

As at April 30, 2022, the Company has \$60,000 (July 31, 2021: \$60,000) prepaid marketing expenses to its marketing consultants, \$15,000 (July 31, 2021: \$nil) related to unamortized stock based compensation for the Company's CFO (also see Note 7), \$32,587 (July 31, 2021: \$nil) GST receivable and \$12,821 (July 31, 2021: \$nil) other prepaid administration expenses. The Company has received \$60,000 payments of the subscription receivable (July 31, 2021: \$60,000) during the nine months ended April 30, 2022.

**5. Exploration and evaluation assets**

On November 2, 2021, the Company has amended the asset purchase agreement ("Agreement") previously signed on February 23, 2021 with Silver Range Resources Ltd. ("Silver Range") to acquire 100% interest in the Michelle Silver-Zinc-Lead Project located in central Yukon. On November 15, 2021 ("Closing Date"), the Company issued 5,650,000 common shares, which equal to 19.9% of the issued and outstanding shares on the Closing Date, to Silver Range at a deemed price of \$0.50 per share to purchase 100% interest in the Michelle Property and granted Silver Range 1% Net Smelter Return. The Company has a right of first refusal on the sale of the royalty. As at April 30, 2022, the Company has \$2,825,000 exploration and evaluation assets as a result of the above transaction.

**6. Accounts payable and accrued liabilities**

As at April 30, 2022, the Company has accounts payable and other accrued expenses of \$165,059 (July 31, 2021: \$65,306) which include \$64,500 (July 31, 2021: \$nil) related to private placement proceeds that were received but the correspondent shares have not yet been issued.

## **Silver47 Exploration Corp.**

Notes to Condensed Interim Financial Statements

April 30, 2022

(Expressed in Canadian dollars)

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### **7. Share capital**

#### *a) Authorized*

Unlimited number of common shares with no par value.

#### *b) Issued and Outstanding*

On January 29, 2021 upon incorporation, the Company issued founder shares of 10,000,000 common shares at \$0.001 per share to a company controlled by its sole director for gross proceeds of \$10,000 and 2,000,000 common shares at \$0.01 per share to the spouse of the sole director for gross proceeds of \$20,000. The fair value of the shares was determined to be \$0.01 per share. As a result, the common shares issued at \$0.001 were fair valued to \$0.01 per share and the Company recognized a share-based compensation of \$90,000.

On March 5, 2021, the Company issued 400,000 common shares at \$0.10 per share to its legal consultant for previous and ongoing legal services that were valued at \$40,000. On June 1, 2021, the Company issued 2,500,000 common shares at \$0.05 per share to a company controlled by its sole director for previous and ongoing management fees that were valued at \$125,000. Since there has been no significant transaction in the Company's operations, the fair value of the \$0.05 shares was determined to be \$0.10 per share and the Company recognized a share-based compensation of \$125,000.

On July 8, 2021 ("Closing Date"), the Company closed its private placement in which 2,840,000 units at \$0.50 per unit for a total cash consideration of \$1,420,000. Each unit consists of one common share and one common share warrant that entitles the holder to purchase one common share at a price of \$0.75 per share for a period of 36 months from the Closing Date. The fair value of the warrants was estimated to be \$568,000 using the Black-Scholes pricing model with the following assumptions: risk free interest rate of 0.65%, expected life of 3 years, expected dividend yield of 0%, and expected volatility 144.71%. As there is no trading history of the Company's common shares, the expected volatility is based on the historical share price volatility of a group of comparable companies in the sector the Company operates over a period similar to the expected life of the warrants. Finder's fee consisting of \$42,600 in cash and 85,200 finder's warrants valued at \$17,040 using Black-Scholes pricing model. The Company also incurred \$7,012 in related share issuance costs.

On July 29, 2021, the Company completed its amalgamation with Gastown Acquisitions 2.0 Corp, in which 4,649,000 common shares were issued to Gastown Acquisition 2.0 Corp. shareholders on a ratio of one to one, see note 8.

On August 18, 2021, the Company issued 19,200 common shares at \$0.50 per share to its recruitment consultant for previous services that were valued at \$9,600. (also see Note 11)

On August 18, 2021, the Company issued 120,000 common shares at \$0.50 per share to its CFO for providing the services in fiscal year 2022 that were valued at \$60,000. These shares are subject to reverse vesting agreement which is amortized at 10,000 share per month or \$5,000 per month. As at January 31, 2022, the unamortized portion was \$30,000.

In October 2021, the Company issued 150,000 common shares and received \$75,000 cash from the exercise of 150,000 share options. \$74,490 was reallocated from contributed surplus to share capital as a result of option exercise (also see Note 7c).

On November 15, 2021, the Company issued 5,650,000 common shares, which equal to 19.9% of the issued and outstanding shares on the day, to Silver Range at a deemed price of \$0.50 per share to purchase 100% interest in the Michelle Property and granted Silver Range 1% Net Smelter Return.

As at April 30, 2022, the Company has issued a total of 28,328,200 common shares.

**Silver47 Exploration Corp.**

Notes to Condensed Interim Financial Statements

April 30, 2022

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**7. Share capital (continued)***c) Share options*

On September 30, 2021, the Company has implemented a share compensation plan (“the Plan”) in which 10% of the total number of common shares that are issued and outstanding can be granted. In connection with the adoption of the Plan, the Company granted 2,000,000 options to its directors and officers with exercise price of \$0.50 per share, exercisable for 10 years until September 30, 2031. 50% of the options are vested immediately, and the other 50% will be vested on September 30, 2022. The fair value of the share options granted was estimated to be \$0.50 per stock option at the date of grant using Black-Scholes option pricing model with following assumptions:

Risk Free Interest Rate	1.47%
Expected Dividend Yield	-
Expected Volatility	169.75%
Expected Term in Years	10 years

During the three months and nine months ended April 30, 2022, the Company recorded fair value of \$136,089 and \$831,397 (April 30, 2021: \$nil) against contributed surplus.

The following is a summary of option transactions for the period ended April 30, 2022 and July 31, 2021:

	Number of options	Weighted average exercise price \$
Options outstanding, as at July 31, 2021	-	-
Issued	2,000,000	0.50
Exercised	(150,000)	0.50
Options outstanding, as at April 30, 2022	1,850,000	0.50

The following options were outstanding and exercisable as at April 30, 2022:

Expiry date	Exercise Price \$	Number of options outstanding	Number of options exercisable	Weighted average contractual life (years)
September 30, 2031	0.50	1,850,000	850,000	9.41

*d) Special Warrants*

On April 14, 2022, the Company closed the 1<sup>st</sup> tranche of a non-brokered private placement of 2,522,334 Special Warrants at a price of \$0.75 per Special Warrant to certain arm’s length investors for aggregate gross proceeds of \$1,891,750.50. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration.

Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. Finder’s fee consists of \$58,748 in cash and 78,330 Warrants valued at \$12,219 using Black-Scholes pricing model. Due diligence fee consists of \$3,850 in cash and 8,191 Warrants valued at \$1,278 using Black-Scholes pricing model. The Company also incurred \$21,137 in related share issuance costs.

**Silver47 Exploration Corp.**  
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**7. Share capital (continued)**

*e) Warrants*

The following is a summary of warrant transactions for the period ended April 30, 2022 and July 31, 2021:

	Number of Warrants	Weighted average exercise price \$
Warrants outstanding and exercisable, as at January 29, 2021	-	-
Issued on July 8, 2021	2,925,200	0.74
Warrants outstanding and exercisable, as at July 31, 2021	2,925,200	0.74
Issued on April 14, 2022	86,521	1.00
Warrants outstanding and exercisable, as at April 30, 2022	3,011,721	0.75

The following warrants were outstanding and exercisable as at April 30, 2022:

Expiry date	Exercise Price \$	Number of warrants outstanding and exercisable	Weighted average contractual life (years)
July 8, 2024	0.75	2,840,000	2.19
July 8, 2024	0.50	85,200	2.19
April 14, 2024	1.00	86,521	1.96
	0.75	3,011,721	2.18

**8. Amalgamation**

On March 11, 2021, Silver47 Exploration Corp. entered into the amalgamation agreement with Gastown Acquisition 2.0 Corp. (“Gastown”) where the outstanding common shares of the two companies will be consolidated on the basis of one post-consolidation share for each pre-consolidation common shares. On July 29, 2021, Silver47 Exploration Corp. has completed its amalgamation with Gastown Acquisitions 2.0 Corp. and the amalgamated company will adopt the name of Silver 47 Exploration Corp. The Company concluded that Gastown did not meet the definition of a business and accordingly the transaction was accounted for as an asset acquisition. The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

<b>Consideration paid:</b>	\$
Shares issued	177,194
<b>Net assets acquired:</b>	\$
Cash	117,194
Share subscription receivables	60,000
Net value of net assets acquired	177,194

During the period ended April 30, 2022, the Company has received the cash for the \$60,000 share subscription receivables.

## **9. Capital Risk Management**

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements and future acquisitions of mineral properties, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, debt, acquire or dispose of assets or adjust the amount of cash.

At April 30, 2022, the Company's capital structure consists of the equity of the Company. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

## **10. Financial Instruments**

The Company's financial assets include cash. The Company's financial liabilities include accounts payable and accrued liabilities. The carrying value of the Company's financial liabilities approximate fair value due to their short term to maturity.

### **10.1 Financial risk management objectives and policies**

The financial risk arising from the Company's operations are credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### **10.2 Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances. The Company mitigates credit risk associated with its bank balance by holding cash with large, reputable financial institutions.

### **10.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The Company's working capital as at April 30, 2022 was \$2,789,173 (July 31, 2021 - \$1,491,989). The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

## **11. Related Party Transactions**

### *Transaction with Key Management Personnel*

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity. The remuneration of directors and key management, for the three and nine months ended April 30, 2022, comprised of:

### 11. Related Party Transactions (continued)

	For the three months ended April 30, 2022	For the nine months ended April 30, 2022
	(\$)	(\$)
Management consulting fees	9,000	27,000
Directors' fees	6,000	15,250
Share-based compensation	136,089	831,397
<b>Total</b>	<b>151,089</b>	<b>873,647</b>

Also see note 7c.

There is no such transaction occurred during the period ended April 30, 2021. Management consulting fees are paid to a consulting company that is owned by the Company's CFO. Directors' fees are paid to two independent directors. The purpose of these transactions is to compensate the management and directors' work during the period. Share-based compensation is non-cash calculated at the fair value of vested stock options. The transactions are at minimal market rate level. The Company will require ongoing services from the related parties when deemed necessary.

### 12. Operating Segments

The Company conducts its business as a single operating segment, being mineral exploration. Substantially all of the Company's assets and liabilities are held within Canada.

### 13. Commitments

On February 23, 2021, the Company signed an asset purchase agreement ("Agreement") with Silver Range Resources Ltd. ("Silver Range") to acquire 100% interest in the Michelle Silver-Zinc-Lead Project located in central Yukon. Pursuant to the Agreement, the Company committed to:

- Granting Silver Range a 1% Net Smelter Return. The Company will have a right of first refusal on the sale of the royalty.
- Making a one-time milestone payment of \$1,000,000 in cash or the Company's shares upon the declaration of National Instrument 43-101 Measured & Indicated resources or reserves in excess of 80,000,000 ounces of silver.

### 14. Subsequent Events

On May 31, 2022, the Company closed the 2<sup>nd</sup> tranche of a non-brokered private placement of 1,476,333 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,107,249.75. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. The Company also issued 12,283 Warrants for due diligence service in connection with the distribution.

On June 28, 2022, the Company closed a flow-through private placement of 1,219,600 Flow-Through Special Warrants at a price of \$0.82 per Flow-Through Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,000,072. Each Flow-Through Special Warrant entitles the holder to acquire one Common Share

**Silver47 Exploration Corp.**

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immediately upon the completion of the Liquidity and without payment of additional consideration. The Company also issued 85,372 Warrants to finders in connection with the distribution.

**SCHEDULE B**

**MANAGEMENT DISCUSSION & ANALYSIS FOR THE COMPANY**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read together with our financial statements for the period from incorporation to July 31, 2021 prepared in accordance with IFRS and the other financial information included elsewhere in this prospectus. Amounts for subtotals, totals and percentage variances included in tables may not sum or calculate using the numbers as they appear in the tables due to rounding. This discussion contains forward-looking statements that involve significant risks and uncertainties. Our actual results, performance and achievements could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."*

*The Company has identified the following risks and uncertainties which are consistent with those risks and uncertainties identified in the Company's prospectus: Listing on the CSE and Acquisition of the Property; Limited Operating History; Negative Cash Flow From Operations; Substantial Capital Requirements and Liquidity; Speculative Nature of Mineral Exploration; Dilution; Acquisition of Additional Mineral Properties; Commercial Ore Deposits; Permits and Government Regulations; Environmental Risks; Reliance on Key Individuals; Key Person Insurance; Uninsurable Risks; Mineral Titles; Loss of Interest in Properties; Aboriginal Title; Fluctuating Mineral Prices; Competition; Management; Public Health Crisis; Financing Risks; Shortages of Critical Parts, Equipment and Skilled Labour; Conflicts of Interest; Principal Shareholders; Tax Issues; Claims and Legal Proceedings; Local Resident Concerns; and Dividends.*

This management's discussion and analysis ("MD&A") of financial condition and results of operations for the period from January 29, 2021, being the date of our incorporation, to July 31, 2021, should be read in conjunction with our audited financial statements and the related notes thereto, included elsewhere herein. The MD&A was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. The information contained in this management's discussion and analysis is current as of the date hereof.

### **Overview**

We are a precious metal-focused exploration company incorporated in Canada on January 29, 2021. Our head office is located at Suite 551 - 409 Granville Street Vancouver, BC, Canada and the registered and records office is located at 2800 Park Place, 666 Burrard Street Vancouver, BC, Canada.

On March 11, 2021, Silver47 Exploration Corp. entered into the amalgamation agreement with Gastown Acquisition 2.0 Corp. ("Gastown") where the outstanding common shares of the two companies will be consolidated on the basis of one post-consolidation share for each pre-consolidation common shares.

On July 29, 2021, Silver47 Exploration Corp. has completed its amalgamation with Gastown Acquisitions 2.0 Corp. and the amalgamated company will adopt the name of Silver 47 Exploration Corp. The Company concluded that Gastown did not meet the definition of a business and accordingly the transaction was accounted for as an asset acquisition. The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

<b>Consideration paid:</b>	\$
Shares issued	177,194
<b>Net assets acquired:</b>	\$
Cash	117,194
Share subscription receivables	60,000
Net value of net assets acquired	177,194

On February 23, 2021, the Company signed an asset purchase agreement (“Agreement”) with Silver Range Resources Ltd. (“Silver Range”) to acquire 100% interest in the Michelle Silver-Zinc-Lead Project located in central Yukon. Pursuant to the Agreement, the Company can purchase 100% interest in the Michelle Property by:

- Issuing to Silver Range 19.9% of the Company’s shares following a listing on a Canadian securities exchange before March 1, 2022.
- Granting Silver Range a 1% Net Smelter Return. The Company will have a right of first refusal on the sale of the royalty.
- Making a one-time milestone payment of \$1,000,000 in cash or the Company’s shares upon the declaration of National Instrument 43-101 Measured & Indicated resources or reserves in excess of 80,000,000 ounces of silver.

### ***Selected Annual Financial Data***

The following chart summarizes selected annual financial information:

Total loss from continuing operations	\$465,478
Basic and diluted loss per share	\$0.03/share
Total assets	\$1,557,295

### ***Operating Results***

From the date of our incorporation, being January 29, 2021, to July 31, 2021, we incurred accounting expenses of \$10,673 which is the annual audit fee, consulting fees of \$10,000 which is related to marketing material and website design, exploration expenditure of \$16,874 which is the fee related to Michelle project technical report, general and administrative of \$10,601 which is the recruitment service fee related to CFO, legal expenses of \$77,330 which is related to the incorporation and other legal matters, management and directors’ fees of \$125,000 which is the value of shares issued to CEO for previous and on-going management fee, share-based compensation of \$215,000 which is related to fair value adjustment of shares issued to CEO.

Our net loss for the period since our incorporation to July 31, 2021 was \$465,678.

### ***Liquidity and Capital Resources***

Our capital resources consist primarily of cash raised from the issuance of equity.

As at July 31, 2021, we had cash of \$1,437,295. On July 8, 2021, we closed a private placement in which 2,840,000 units at \$0.50 per unit for a total cash consideration of \$1,420,000. Each unit consists of one common share and one common share warrant that entitles the holder to purchase one common share at a price of \$0.75 per share for a period of 36 months from the Closing Date.

As at July 31, 2021, we had current liabilities of \$65,306, of which \$21,274 was subsequently paid.

We believe that our current financial resources will be adequate to cover anticipated expenditures for our activities for at least the next twelve months.

### ***Off – Balance Sheet Arrangements***

As at July 31, 2021, there were no off-balance sheet arrangements to which the Company was committed.

### ***Related Party Transactions***

On January 29, 2021 upon incorporation, the Company issued founder shares of 10,000,000 common shares at \$0.001 per share to a company controlled by its sole director for gross proceeds of \$10,000 and 2,000,000 common shares at \$0.01 per share to the spouse of the sole director for gross proceeds of \$20,000. The fair value of the shares was

determined to be \$0.01 per share. As a result, the common shares issued at \$0.001 were fair valued to \$0.01 per share and the Company recognized a share-based compensation of \$90,000.

The purpose of these transactions is to compensate for the start-up process that includes initial business strategies, project screening and evaluation, business negotiation with Silver Range and Gastown, and etc. The transactions are deemed at market rate. The Company will require ongoing services from the related parties when deemed necessary.

### ***Risks and Uncertainties***

#### ***Critical Accounting Estimates and Judgements***

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates made by management include the following:

i. Valuation of warrants

Management uses the Black-Scholes option pricing model to determine the fair value of warrants issued. This model requires assumptions of the expected future volatility of the Company's common shares, expected life of warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii. Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such difference may result in eventual tax payments differing from amounts accrued. Reporting amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

Significant areas requiring the use of management's judgments include:

i. Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the period ended July 31, 2021. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 1 for additional information.

ii. Business combination

Judgment is used in determining whether an acquisition is a business combination, or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in IFRS 3 Business Combinations.

### ***Summary of Cash Flows***

#### **Operating Activities**

The total amount we spent on our operating activities during the period from our incorporation on January 29, 2021 to July 31, 2021 was \$80,172. The cash used in operations reflected a net loss of \$465,678 offset by non-cash items related to capital issued for services of \$165,000 and share-based compensation of \$215,000, non-cash changes in prepaids and other receivables of \$60,000, and an increase in accounts payable and accrued liabilities of \$65,306.

## Financing Activities

Net cash provided by financing activities during the period from our incorporation on January 29, 2021 to July 31, 2021 was \$1,517,467, which is primarily related to net proceeds received from the issuance of common shares.

## ***Financial Instruments***

The Company's financial assets include cash. The Company's financial liabilities include accounts payable and accrued liabilities. The carrying value of the Company's financial liabilities approximate fair value due to their short term to maturity.

## ***Financial risk management objectives and policies***

The financial risk arising from the Company's operations are credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### ***Credit risk***

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances. The Company mitigates credit risk associated with its bank balance by holding cash with large, reputable financial institutions.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The Company's working capital as at July 31, 2021 was \$1,491,989. The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

## ***New Accounting Pronouncements***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after August 1, 2021. All future accounting changes are either not applicable or do not have a significant impact to the Company and have been excluded.

## ***Disclosure of Outstanding Share Data***

*Authorized:* Unlimited number of common shares with no par value.

*Issued and Outstanding:*

On January 29, 2021 upon incorporation, the Company issued founder shares of 10,000,000 common shares at \$0.001 per share to a company controlled by its sole director for gross proceeds of \$10,000 and 2,000,000 common shares at \$0.01 per share to the spouse of the sole director for gross proceeds of \$20,000. The fair value of the shares was determined to be \$0.01 per share. As a result, the common shares issued at \$0.001 were fair valued to \$0.01 per share and the Company recognized a share-based compensation of \$90,000.

On March 5, 2021, the Company issued 400,000 common shares at \$0.10 per share to its legal consultant for previous and ongoing legal services that were valued at \$40,000. On June 1, 2021, the Company issued 2,500,000 common shares at \$0.05 per share to a company controlled by its sole director for previous and ongoing management fee that

were valued at \$125,000. Since there has been no significant transaction in the Company's operations, the fair value of the \$0.05 shares was determined to be \$0.10 per share and the Company recognized a share-based compensation of \$125,000.

On July 8, 2021 ("Closing Date"), the Company closed its private placement in which 2,840,000 units at \$0.50 per unit for a total cash consideration of \$1,420,000. Each unit consists of one common share and one common share warrant that entitles the holder to purchase one common share at a price of \$0.75 per share for a period of 36 months from the Closing Date. The fair value of the warrants was estimated to be \$568,000 using the Black-Scholes pricing model with the following assumptions: risk free interest rate of 0.65%, expected life of 3 years, expected dividend yield of 0%, and expected volatility 144.71%. As there is no trading history of the Company's common shares, the expected volatility is based on the historical share price volatility of a group of comparable companies in the sector the Company operates over a period similar to the expected life of the warrants. Finder's fee consisting of \$42,600 in cash and 85,200 finder's warrants valued at \$17,040 using Black-Scholes pricing model. The Company also incurred \$7,012 in related share issuance costs.

On July 29, 2021, the Company completed its amalgamation with Gastown Acquisitions 2.0 Corp, in which 4,649,000 common shares were issued to Gastown Acquisition 2.0 Corp. shareholders on a ratio of one to one, see note 2 to the audited financial statements.

As at July 31, 2021, the Company has issued a total of 22,389,000 common shares and 2,925,200 warrants.

On August 18, 2021, the Company issued 19,200 common shares at \$0.50/share to a consultant to settle the recruitment fee.

On August 18, 2021, the Company issued 120,000 common shares at \$0.50/share to its CFO as part of the compensation. These shares are reverse vested for 12 months.

On August 22, 2021, the Company has entered into a geological consulting contract at a budget of \$497,563 with Archer, Cathro & Associates (1981) Limited. The engagement commenced in late August 2021 and completed by September 30, 2021.

On September 30, 2021, the Company has implemented a share compensation plan ("the Plan") in which 10% of the total number of common shares that are issued and outstanding can be granted. In connection with the adoption of the Plan, the Company granted 2,000,000 options to its directors and officers with exercise price of \$0.50/share, exercisable for 10 years until September 30, 2031. 50% of the options are vested immediately, and the other 50% will be vested on September 30, 2022.

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	October 18, 2021	July 31, 2021	January 29, 2021 (Incorporation)
Common shares	22,528,200	22,389,000	-
Stock Options	2,000,000	-	-
Warrants	2,925,200	2,925,200	-
Fully Diluted Shares	27,453,400	25,314,200	-

For additional details of outstanding share capital, refer to the audited financial statements for the period from incorporation on January 29, 2021 to July 31, 2021.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of Silver47 Exploration Corp.'s ("Silver47" or the "Company") financial condition and results of operations should be read together with Silver47's condensed interim financial statements for the three and nine months ended April 30, 2022 prepared in accordance with IFRS. Amounts for subtotals, totals and percentage variances included in tables may not sum or calculate using the numbers as they appear in the tables due to rounding.

This management's discussion and analysis ("MD&A") of financial condition and results of operations for the three and nine months ended April 30, 2022, should be read in conjunction with Silver47's audited financial statements for the period ended July 31, 2021 and the related notes thereto. The MD&A was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. The information contained in this MD&A is current as of June 28, 2022.

### ***Overview***

Silver47 is a precious metal-focused exploration company incorporated in Canada on January 29, 2021. Silver47's head office is located at Suite 551 - 409 Granville Street, Vancouver, BC, Canada and the registered and records office is located at 2800 Park Place, 666 Burrard Street Vancouver, BC, Canada.

During the nine months ended April 30, 2022, the Company completed a field drilling program at the Michelle Property which was followed by an updated technical report.

On November 2, 2021, the asset purchase agreement dated February 23, 2021 with Silver Range Resources Ltd. ("Silver Range") was amended. On November 15, 2021 ("Closing Date"), the Company issued 5,650,000 common shares, which equals to 19.9% of the issued and outstanding shares on the Closing Date, to Silver Range at a deemed price of \$0.50 per share to purchase 100% interest in the Michelle Property and granted Silver Range 1% Net Smelter Return. The Company has a right of first refusal on the sale of the royalty.

On April 14, 2022, the Company closed the 1<sup>st</sup> tranche of a non-brokered private placement of 2,522,334 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,891,750. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants.

On May 31, 2022, the Company closed the 2<sup>nd</sup> tranche of a non-brokered private placement of 1,476,333 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,107,250. Each Special Warrant entitles to holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants.

On June 28, 2022, the Company closed a flow-through private placement of 1,219,600 Flow-Through Special Warrants at a price of \$0.82 per Flow-Through Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,000,072. Each Flow-Through Special Warrant entitles the holder to acquire one Common Share immediately upon the completion of the Liquidity and without payment of additional consideration.

### ***Michelle Ag-Pb-Zn Project***

The Michelle Project is located in central Yukon, approximately 130 km north-northeast of Dawson City. It comprises 782 contiguous mineral claims that cover an area of 159 square kilometers (15,900 ha). The Project is wholly owned by Silver47 subject to a 1% Net Smelter Return held by Silver Range Resources Ltd. A milestone payment of \$1,000,000 in cash or Silver47 shares is payable to Silver Range upon the declaration of a National Instrument 43-101 Measured and Indicated resource or reserve estimate in excess of 80,000,000 ounces of silver.

The Project is located within the Peel River watershed, near its southwestern boundary. On August 22, 2019, the Peel Watershed Regional Land Use Plan (“the Plan”) was approved by the Tr’ondëk Hwëch’in, Na-Cho Nyäk Dun and Vuntut Gwitchin First Nations, the Gwich’in Tribal Council and the Government of Yukon. Silver47 has a strong ESG focus and is actively engaging with local First Nations to build a long term mutually respectful relationship as we advance the project.

The unpaved, all-season Dempster Highway (Yukon Highway 5) passes through the westernmost portion of the property; however, there is no road coverage for the vast majority of the property. Previous operators have utilized helicopters for the mobilization of camp gear, personnel, drilling equipment and supplies.

The first discovery at the Michelle Project was made in 1974, but little exploration was conducted over the ensuing 30 years. The majority of work on the Project has taken place from 2007 to 2017, and has consisted of: stream sediment and soil geochemical surveying, geological mapping, prospecting, hand trenching, aerial photography and 5000 m of diamond drilling in 42 holes. Prospecting, hand trenching and drilling have identified 21 named showings, and several zones (zones are showings where drilling has confirmed the depth extent of mineralization), plus several isolated float occurrences.

Mineral occurrences are hosted in grey weathering sparry dolostone of the Paleozoic Bouvette Formation, which unconformably overlies predominantly clastic sedimentary rocks of the Proterozoic Quartet and Gillespie Lake groups. Mineralization consists almost exclusively of cavity and fracture and or breccia-hosted, secondary oxide and carbonate minerals, predominantly limonite and smithsonite. Residual galena, with cerussite or anglesite envelopes, is present in some showings. Relatively unoxidized sulphide mineralization (consisting of nearly massive sphalerite, galena and pyrite with coatings of hydrozincite) has only been observed in three locations (Dynasty, Silver Matt and Husky showings).

Previous diamond drilling highlights include:

- Gully Zone 310 g/t silver, 16.75% zinc and 8.86% lead over 18.29m
- Peak Zone: 2134 g/t silver, 0.55% zinc and 15.18% lead over 2.96m

Previous hand trenching highlights include:

- Silver Matt Zone: 894 g/t silver, 8.09% zinc and 46.92% over 2.8m
- Gaynor Zone: 370.7 g/t silver, 2.2% zinc and 14.8% lead over 17m
- Nanny Showing: 13.08 g/t silver, 4.69% zinc and 0.97% lead over 9m

## 2021 Exploration Results

During September 2021, a RC (reverse circulation) heli-supported drill program was completed totaling 368.80m over six holes on three targets ranging from 22.86m to 89.92m in length.

Drill highlights include a new discovery at the Silver Matt Zone;

- 19.82m of 555.88 g/t Ag, 20.30% Pb, 3.10% Zn from 32.00m depth
  - Including 7.62m of 823.99 g/t Ag, 28.67% Pb, 1.54% Zn from 42.67m depth

## 2022 Exploration Plans

A total 430m (5 holes) heli-supported diamond drill program under a Class 1 permit has been complete. The objective was to test for extension of the new Silver Matt discovery made in 2021. Four of the five holes encountered oxide-sulphide mineralization at shallow depths (assays pending). A Soil geochemical survey, hand trenching and mapping are underway around the silver Matt target and other priority showings.

The Company is in the permitting process for a Class 3 drill permit. The public comment period was extended to July 4, 2022. Upon receipt of the Class 3 permit additional drilling and further geochemical programs and hand trenching is planned to identify new drill targets. As part of its Class 3 permit, water sampling, fish and wildlife studies and further cultural mapping are planned. The Company has been engaging with local First Nations in an effort to establish a relationship and has ongoing consultation with a goal of building a long-term relationship based on mutual respect and openness.

### ***Operating Results***

During the three months ended April 30, 2022, Silver47's net loss for the period was \$251,154. Silver47 incurred accounting expenses of \$5,577 comprised of the quarter end review fee and tax filing fee, consulting fees of \$5,370 which is related to marketing material and website design, exploration expenditure of \$68,764 which is the fee related to the updated technical report of Michelle Property, general and administrative expenses of \$4,984, legal expenses of \$16,540 which are related to corporate legal matters, management and directors' fees of \$15,000 which include \$9,000 consulting fees paid to the Company's CFO and \$6,000 director fees paid to the two independent directors, share-based compensation of \$136,089 which is related to fair value of the share options granted during the period. Silver47's net loss was partially offset by \$1,170 from interests earned on cashable GIC.

During the nine months ended April 30, 2022, Silver47's net loss for the period was \$1,441,828. Silver47 incurred accounting expenses of \$17,804 comprised of the quarter end review fee and tax filing fee, consulting fees of \$10,370 which is related to marketing material and website design, exploration expenditure of \$476,179 which is the fee related to the drilling program and the updated technical report of the Michelle Property, general and administrative expenses of \$30,274 which include \$15,000 insurance expenses for directors and officers and \$9,600 related to recruitment fee, legal expenses of \$35,814 which are related to corporate legal matters, management and directors' fees of \$42,250 which include \$27,000 consulting fees paid to the Company's CFO and \$15,250 director fees paid to the two independent directors, share-based compensation of \$831,397 which is related to fair value of the share options granted during the period. Silver47's net loss was partially offset by \$2,260 from interests earned on cashable GIC.

### ***Liquidity and Capital Resources***

Silver47's capital resources consist primarily of cash raised from the issuance of equity.

As at April 30, 2022, Silver47 had cash and cash equivalent of \$2,833,824.

As at April 30, 2022, Silver47 had current liabilities of \$165,059.

Silver47 believes that its current capital resources will be adequate to cover anticipated expenditures for its activities for at least the next twelve months.

### ***Off – Balance Sheet Arrangements***

As at April 30, 2022, there were no off-balance sheet arrangements to which the Company was committed.

### ***Related Party Transactions***

On September 30, 2021, the Company adopted a rolling option plan (the "Plan") pursuant to which options to purchase common shares of the Company may be granted to certain persons up to 10% of the then total number of common shares issued and outstanding. On September 30, 2021 the Company granted 2,000,000 options to its directors and officers with an exercise price of \$0.50 per share, exercisable for 10 years with 50% of the options vesting immediately, and the other 50% vesting on September 30, 2022. The fair value of the share options granted was estimated to be \$0.50 per stock option at the date of grant using the Black-Scholes option pricing model.

In October 2021, two directors exercised a total of 150,000 share options. As at April 30, 2022, 1,850,000 options are outstanding.

Management personnel are responsible for planning, directing and controlling the activities of the Company. The remuneration of directors and key management, for the three and nine months ended April 30, 2022, is comprised of:

	For the three months ended April 30, 2022	For the nine months ended April 30, 2022
	(\$)	(\$)
Management consulting fees	9,000	27,000
Directors' fees	6,000	15,250
Share-based compensation	136,089	831,397
<b>Total</b>	<b>151,089</b>	<b>873,647</b>

Management consulting fees are paid to a consulting company that is owned by the Company's CFO. Directors' fees are paid to two independent directors. The purpose of these transactions is to compensate the management and directors' work during the period. Share-based compensation is non-cash calculated at the fair value of vested stock options. The transactions are at minimal market rate level. The Company will require ongoing services from the related parties when deemed necessary.

### ***Critical Accounting Estimates and Judgements***

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates made by management include the following:

i. Valuation of warrants

Management uses the Black-Scholes option pricing model to determine the fair value of warrants issued. This model requires assumptions of the expected future volatility of the Company's common shares, expected life of warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii. Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such difference may result in eventual tax payments differing from amounts accrued. Reporting amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

Significant areas requiring the use of management's judgments include:

i. Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the period ended April 30, 2022. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 1 for additional information.

ii. Business combination

Judgment is used in determining whether an acquisition is a business combination, or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in IFRS 3 Business Combinations.

### ***Summary of Cash Flows***

#### **Operating Activities**

The total amount Silver47 spent on its operating activities during the nine months ended April 30, 2022 was \$553,246. The cash used in operations reflected a net loss of \$1,441,828 offset by interest income \$2,260, non-cash items related to capital issued for services of \$69,600 and share-based compensation of \$831,397, non-cash change in prepaids and other receivables of \$45,408, and a decrease in accounts payable and accrued liabilities of \$35,253.

#### **Investing Activities**

Silver47 received \$2,260 from interest earned on cashable GIC during the nine months ended April 30, 2022.

#### **Financing Activities**

Net cash provided by financing activities during the nine months ended April 30, 2022 was \$1,947,515, which is mainly related to the closing of 1<sup>st</sup> tranche of the private placement on April 14, 2022 and proceeds from the exercise of 150,000 stock options by the Company's independent directors.

### ***Financial Instruments***

The Company's financial assets include cash and cash equivalents. The Company's financial liabilities include accounts payable and accrued liabilities. The carrying value of the Company's financial liabilities approximate fair value due to their short term to maturity.

### ***Financial risk management objectives and policies***

The financial risk arising from the Company's operations are credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

#### ***Credit risk***

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances. The Company mitigates credit risk associated with its bank balance by holding cash with large, reputable financial institutions.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The Company's working capital as at April 30, 2022 was \$2,789,173 (July 31, 2021 - \$1,491,989). The Company's accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one-year period.

### ***New Accounting Pronouncements***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after August 1, 2021. All future accounting changes are either not applicable or do not have a significant impact to the Company and have been excluded.

### ***Disclosure of Outstanding Share Data***

*Authorized:* Unlimited number of common shares with no par value.

#### *Issued and Outstanding:*

On January 29, 2021 after incorporation, the Company issued 10,000,000 common (founder) shares at \$0.001 per share to a company controlled by its sole director (Gary Thompson) for gross proceeds of \$10,000 and 2,000,000 common shares at \$0.01 per share to the spouse of the sole director for gross proceeds of \$20,000 (the fair value of the shares was determined to be \$0.01 per share). As a result, the common shares issued at \$0.001 were fair valued to \$0.01 per share and the Company recognized a share-based compensation of \$90,000.

On March 5, 2021, the Company issued 400,000 common shares at \$0.10 per share to its legal counsel for past and ongoing legal services that were valued at \$40,000. On June 1, 2021, the Company issued 2,500,000 common shares at \$0.05 per share to its sole director and management for previous and ongoing services that were valued at \$125,000. Since there has been no significant transaction in the Company's operations, the fair value of the \$0.05 shares was determined to be \$0.10 per share and the Company recognized a share-based compensation of \$125,000.

On July 8, 2021 ("Closing Date"), the Company closed a private placement in which 2,840,000 units at \$0.50 per unit for a total cash consideration of \$1,420,000 were issued. Each unit consists of one common share and one common share purchase warrant that entitles the holder to purchase one common share at a price of \$0.75 per share for a period of 36 months from the Closing Date. The fair value of the warrants issued was estimated to be \$568,000 using the Black-Scholes pricing model with the following assumptions: risk free interest rate of 0.65%, expected life of 3 years, expected dividend yield of 0%, and expected volatility 144.71%. As there is no trading history of the Company's common shares, the expected volatility is based on the historical share price volatility of a group of comparable companies in the sector the Company operates over a period similar to the expected life of the warrants. Finder's fee consisting of \$42,600 in cash and 85,200 finder's warrants valued at \$17,040 using Black-Scholes pricing model was issued. The Company also incurred \$7,012 in related share issuance costs.

On July 29, 2021, the Company completed its amalgamation with Gastown Acquisitions 2.0 Corp, in which 4,649,000 common shares were issued to Gastown Acquisition 2.0 Corp. shareholders at a ratio of one to one, see note 2 to the audited financial statements. On August 18, 2021, the Company issued 19,200 common shares at a deemed value of \$0.50 per share to a consultant of the Company to settle a recruitment fee. On August 18, 2021, the Company issued 120,000 common shares at a deemed value of \$0.50 per share to the Company's CFO as part of his compensation. These shares are reverse vested for 12 months. In October 2021, two directors exercised options for a total of 150,000 common shares issued.

On November 15, 2021, the Company issued 5,650,000 common shares, which equals to 19.9% of the then issued and outstanding shares, to Silver Range at a deemed price of \$0.50 per share to purchase 100% interest in the Michelle Property and granted Silver Range 1% Net Smelter Return.

On April 14, 2022, the Company closed the 1<sup>st</sup> tranche of a non-brokered private placement of 2,522,334 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,891,750. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. Finder's fee consists of \$58,748 in cash and 78,330 Warrants valued at \$12,219 using Black-Scholes pricing model. Due diligence fee consists of \$3,850 in cash and 8,191 Warrants valued at \$1,278 using Black-Scholes pricing model. The Company also incurred \$21,137 in related share issuance costs.

On May 31, 2022, the Company closed the 2<sup>nd</sup> tranche of a non-brokered private placement of 1,476,333 Special Warrants at a price of \$0.75 per Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,107,250. Each Special Warrant entitles the holder to acquire one Qualifying Unit immediately upon the completion

of the Liquidity and without payment of additional consideration. Each Qualifying Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$1.00 per Warrant Share until the date that is 24 months after distribution of the Qualifying Warrants. The Company also issued 12,283 Warrants for due diligence service in connection with the distribution.

On June 28, 2022, the Company closed a flow-through private placement of 1,219,600 Flow-Through Special Warrants at a price of \$0.82 per Flow-Through Special Warrant to certain arm's length investors for aggregate gross proceeds of \$1,000,072. Each Flow-Through Special Warrant entitles the holder to acquire one Common Share immediately upon the completion of the Liquidity and without payment of additional consideration. The Company also issued 85,372 Warrants to finders in connection with the distribution.

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this MD&A:

	June 28, 2022	April 30, 2022	July 31, 2021
Common shares	28,328,200	28,328,200	22,389,000
Stock Options	1,850,000	1,850,000	-
Special Warrants	3,998,667	2,522,334	-
Flow-Through Special Warrants	1,219,600	-	-
Warrants	3,109,376	3,011,721	2,925,200
Fully Diluted Shares	38,505,843	35,712,255	25,314,200

For additional details of outstanding share capital, refer to the condensed interim financial statements for the three and nine months ended April 30, 2022.

### ***Risk Factors***

For a full discussion the risk factors affecting the Company, please refer to the Company's prospectus.

### **Cautionary Statement on Forward-Looking Statements**

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. The forward-looking statements herein are made as of the date of this MD&A only and the Company does not intend to and does not assume any obligation to update updated forward-looking information, except as required by applicable law. For this reason and the reasons set forth below, investors should not place undue reliance on forward looking statements.

All statements included herein that address events or developments that Silver47 expects to occur in the future are forward-looking statements. Generally forward-looking statements can be identified by the use of words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward looking statements.

Forward-looking statements in this MD&A include, but are not limited to, statements regarding:

- the timing of listing the Common Shares on the Canadian Stock Exchange ("CSE"), including the receipt, in a timely manner, of regulatory and other required approvals;
- the receipt of Conditional Approval and the subsequent Listing of the Common Shares on the CSE, including the Company fulfilling all applicable listing requirements;
- the Company's goals regarding development of its projects, and regarding raising capital and conducting further exploration and developments of its properties;
- the use of available funds;

- the Company's future business plans, business objectives and milestones;
- costs, timing and completion of future exploration and development activities;
- the Company's negative cash flows;
- expectations generally regarding the ability to raise further capital for corporate purposes;
- adequacy of financial resources;
- the Company's compensation policy and practices; and
- the Company's expected reliance on key management personnel, advisors and consultants.

Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual events or results to differ materially from any forward-looking statements, including, without limitation:

- risks relating to the proposed listing on the CSE and the acquisition of the Michelle Property; [NTD: I think we can delete the acquisition of the Michelle Property – CSE needs to approve but that's covered by the proposed listing]
- the Company's limited operating history;
- the Company has no history of earnings;
- there are no known commercial quantities of mineral reserves on any properties optioned or owned by the Company;
- there is no guarantee that economic quantities of mineral reserves will be discovered on the Michelle Property by the Company in the near future or at all;
- the Company has a history of negative cash flows from operations;
- substantial capital requirements and liquidity risks;
- the speculative nature of mineral exploration;
- dilution of the Company's capital;
- the Michelle Property is in the exploration stage only and is without a known body of commercial ore;
- permits and government regulations;
- environmental risks;
- reliance on key individuals;
- risks relating to mineral titles and loss of interest in the Company's properties;
- risks relating to Aboriginal title;
- fluctuations of mineral prices;
- competition;
- public health crises including COVID-19 pandemic;
- price volatility of publicly traded securities;

- shortages of critical parts, equipment and skilled labour;
- conflicts of interest;
- claims and legal proceedings;
- tax issues; and
- other factors identified and as described in more detail under the heading “Risk Factors” in the Company’s prospectus.

While the Company considers its assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. Many assumptions are based on factors and events that are not within the Company’s control and there is no assurance they will prove to be correct.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those contained in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements or information.

## SCHEDULE C

### AUDIT COMMITTEE CHARTER

#### 1.0 PURPOSE

1.1 The Audit Committee (the “**Committee**”) is a standing committee of the board of directors (the “**Board**”) of Silver47 Exploration Corp. (the “**Company**”) charged with assisting the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements;
- (b) review and appraise the performance of the Company’s external auditors; and
- (c) provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board.

#### 2.0 COMMITTEE MEMBERSHIP

2.1 The Board shall annually elect a minimum of three (3) directors to the Committee, a majority of whom shall be financially literate, independent of management and free from any material relationship with the Company, that in the opinion of the Board, would interfere with the director’s exercise of independent judgment as a member of the Committee. Unless a chair of the Committee (“**Chair**”) is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

2.2 If the Company ceases to be a “venture issuer” (as that term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”)), then all of the members of the Committee shall be independent (as that term is defined in NI 52-110).

2.3 If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all members of the Committee shall be financially literate. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Charter of the Audit Committee (the “**Charter**”), the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

#### 3.0 MEETINGS

3.1 The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the external auditors.

3.2 A quorum for the transaction of business at any meeting of the Committee shall be two (2) members.

## 4.0 RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

### 4.1 *Documents/Reports Review*

- (a) review this Charter annually and recommend any changes to the Board; and
- (b) review the Company's financial statements, management discussion and analysis and any annual and interim earnings press releases before the Company publicly discloses this information, and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### 4.2 *External Auditors*

- (a) annually review the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
- (b) annually obtain a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard No. 1 – *Independence Discussions with Audit Committees*;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Board the compensation to be paid to the external auditors;
- (g) at least once per year, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto;
- (k) review and pre-approve any non-audit services provided by the Company's external auditors, subject to the following:
  - (i) the pre-approval requirement shall be satisfied with respect to the provision of non-audit services if the following criteria (as set forth in Section 2.4 of NI 52-110) are met:
    - (A) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company (and its subsidiary entities) to its external auditors during the fiscal year in which the non-audit services are provided;

- (B) such services were not recognized by the Company (or the subsidiary entity) at the time of the engagement to be non-audit services;
  - (C) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee (with such delegation being in compliance with Section 2.5 of NI 52-110); and
- (ii) the Committee may delegate to the Chair or any other independent member of the Committee the authority to pre-approve non-audit services, provided such pre-approved non-audit services are presented to the Committee at the next scheduled Committee meeting following such pre-approval.

#### **4.3 *Financial Reporting Processes***

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to the appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (j) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### **4.4 *Internal Control***

- (a) consider the effectiveness of the Company's internal control system;
- (b) understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- (c) review external auditors' management letters and management's responses to such letters;

- (d) as requested by the Board, discuss with management and the external auditors the Company's major risk exposures (whether financial, operational or otherwise), the adequacy and effectiveness of the accounting and financial controls, and the steps management has taken to monitor and control such exposures;
- (e) annually review the Company's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures; and
- (f) discuss with the Chief Financial Officer and, as is in the Committee's opinion appropriate, the President and Chief Executive Officer, all elements of the certification required pursuant to National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*.

**4.5 Other**

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) set and pay compensation for any independent counsel and other advisors employed by the Committee; and
- (d) communicate directly with the internal and external auditors.

## CERTIFICATE OF THE PROMOTER

Dated: July 21, 2022

This amended and restated preliminary prospectus and preliminary prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Ontario.

**XT88 HOLDINGS INC.**

*"Gary R. Thompson" (signed)*

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Gary R. Thompson  
*Chief Executive Officer*

**CERTIFICATE OF THE COMPANY**

Dated: July 21, 2022

This amended and restated preliminary prospectus and preliminary prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Ontario.

“Gary R. Thompson” (signed)

Gary R. Thompson  
*Chief Executive Officer*

“Kevin Chen” (signed)

Kevin Chen  
*Chief Financial Officer*

On Behalf of the Board of Directors

“Ryan Goodman” (signed)

Ryan Goodman  
*Director*

“David Netherway” (signed)

David Netherway  
*Director*