



**HONEY BADGER**  
*S I L V E R I N C .*

**(FORMERLY HONEY BADGER EXPLORATION INC)**

**Management's Discussion and Analysis**

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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This Management’s Discussion and Analysis (“MD&A”) of the financial position and results of operations of Honey Badger Silver Inc. (formerly, “Honey Badger Exploration Inc.”)(“Honey Badger” or the “Company”) has been prepared based on information available to Honey Badger as at April 30, 2021, and should be read in conjunction with Honey Badger’s audited consolidated financial statements and related notes as at and for the years ended December 31, 2020 and 2019 (the “Annual Financial Statements”). The Annual Financial Statements and MD&A are presented in Canadian dollars and 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 financial statements.

Readers are cautioned that the MD&A may contain forward-looking statements and that actual events may vary from management’s expectations. Readers are encouraged to read the “Cautionary Statement on Forward-Looking Information” below, and to consult Honey Badger’s Annual Financial Statements for the years ended December 31, 2020 and 2019, which are available on the Company’s website at [www.honeybadgersilver.com](http://www.honeybadgersilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **2.0 CAUTIONARY NOTE**

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes “forward-looking information” under Canadian securities legislation. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding the anticipated content, commencement, anticipated exploration program results, the ability to complete future financings, the ability to complete the required permitting, the ability to complete the exploration program and drilling, and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the state of the financial markets for the Company's equity securities, the state of the commodity markets generally, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the inability of the Company to obtain any necessary permits, consents or authorizations required, including TSX-V acceptance, for its planned activities, the analytical results from surface trenching and sampling program, including diamond drilling programs, the results of IP surveying, the inability of the Company to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, the potential impact of COVID-19 (coronavirus) on the Company’s exploration program and on the Company’s general business, operations and financial condition, and other risks and uncertainties. Readers are urged to access [www.sedar.com](http://www.sedar.com) to review additional information about the Company, including the technical reports filed with respect to the Company's mineral properties. This document contains information with respect to adjacent or similar mineral properties in the Thunder Bay Silver District in respect of which the Company has no interest or rights to explore or mine. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits, and the results of any mining thereof, on adjacent or similar properties, are not indicative of mineral deposits on the Company's properties or any potential exploitation thereof.



### **3.0 BACKGROUND**

#### **3.1 DIRECTORS, OFFICERS AND MANAGEMENT**

Chad Gilfillan – Director  
Chad Williams – Chairman, Interim CEO  
Donna McLean – CFO  
Igor Zonenschein – Corporate Secretary  
Edmond Thorose – VP, Corporate Development

#### **3.2 CORPORATE OFFICE**

Ste. 2704 – 401 Bay St.  
Toronto, ON M5H 2Y4

#### **3.3 EXCHANGE LISTINGS**

Honey Badger is a publicly listed corporation, and its common shares are traded on the TSX Venture Exchange (“TSXV”) under the symbol “TUF”.

#### **3.4 CORPORATE INFORMATION**

Honey Badger was incorporated pursuant to the Business Corporations Act (Ontario). It is a Canadian silver company based in Toronto, Ontario, involved in the identification, and acquisition of silver properties in mining-friendly jurisdictions. Led by a highly experienced leadership and technical team, the Company’s primary focus is on the acquisition, development, and integration of accretive transactions of silver ounces to build the company’s portfolio of assets.

Honey Badger’s mineral properties are currently in the exploration stage. The Company does not operate any mines. Honey Badger’s continued operations are dependent upon the ability of the Company to obtain financing for the ongoing exploration of its mineral properties and the possible expansion of its portfolio of assets. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable. In consideration of future acquisitions, the company will conduct detailed due diligence as appropriate to determine to the viability of any undertaking.

#### **4.0 STRATEGY AND OBJECTIVES**

Honey Badger’s mission is to operate safely, sustainably and profitably.

The Company holds a dominant land position in Ontario’s prolific historic Thunder Bay Silver District covering approximately 20,000 hectares, and 45 claims covering approximately 2,275 hectares in the James Bay Region of Québec. In addition, the Company has recently announced the acquisition of a 100% interest over three silver properties in southeast and south-central Yukon.



#### 4.1 KEY PERFORMANCE DRIVERS

- Honey Badger's land package hosts 12 past-producing high-grade silver mines
- The Company has an experienced exploration team and a diverse Board with strong technical backgrounds
- The Project has very good local infrastructure and access, and is amenable to year-round exploration

#### 4.2 OBJECTIVES FOR 2021

- Acquire mineral properties and interests in mining-related opportunities it considers prospective to strengthen its portfolio of silver-driven assets;
- Advance the geological knowledge of its mineral properties through successive exploration programs, the comprehensive conduct of due diligence on select assets under consideration, broaden the Company's participation in joint ventures where it can foster accretive acquisitions;
- Investigate and source mining-related opportunities and interests in existing and prospective silver-driven mining assets primarily in mining-friendly jurisdictions in the Americas; and
- If deemed advantageous, dispose of any non-performing mineral properties.

#### 5.0 2020 RESULTS

- On April 11, 2020, the Company cancelled 960 claims, including 70 claims making up the main block of Lily of the Valley and 890 claims surrounding the MSM high priority group that was protected with renewals and an exclusion application.
- Honey Badger sold strategic information to Blue Thunder Mining Inc. ("BTMI") with respect to certain of its exploration properties for common shares of BTMI. The shares had a value of \$320,000.
- On August 21, 2020, the Company completed a non-brokered private placement financing at a price of \$0.04 per Unit for total gross proceeds of \$500,000 consisting of 12,500,000 units (the "Units"). Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one share for a period of 24 months at a price of \$0.05.
- On August 28, 2020, the Company granted 3,750,000 stock options (2019 – nil) to directors, officers, employees and consultants of the Company. The options are exercisable at a price of \$0.06 per share for a period of 5 years from the date of grant.

#### 5.1 CORPORATE HIGHLIGHTS

##### Board and Management Changes

- On July 23, 2020, the Company announced certain changes to its management team. Quentin Yarie, Craig Scherba and Kevin Tanas resigned from the Board in order to focus on other activities. The Board appointed Chad Williams and Rejean Gosselin to fill the vacancies resulting from such resignations.
- On August 24, 2020, the Company announced the resignation of Rejean Gosselin. The Board appointed Eduardo Baer to fill the remaining vacancy.
- On September 22, 2020, the Company announced the appointment of Eduardo Baer as Chief Executive Officer. Mr. Baer assumes the role of Chief Executive Officer from Chad Williams, previously Interim President. Mr. Williams remains on as Chairman of the Board. The Company also announced the appointment



of Pat Dubreuil, to the position of Vice President, Community and First Nations Engagement, Donna Yoshimatsu as Vice President of Investor Relations and Edmond Thorose as Vice President of Corporate Development.

- During October 2020, Donna Yoshimatsu and Pat Dubreuil resigned from their positions as Vice President of Investor Relations and Community of First Nations Engagement for personal reasons and to pursue other opportunities, respectively. Subsequent to year-end Donna Yoshimatsu rejoined the Honey Badger team.

## 5.2 ACHIEVEMENTS FOR 2021

Honey Badger will continue to focus on the acquisition, development, and integration of accretive transactions of silver ounces to build the company's portfolio of assets. To further its objectives, the following are some of management's achievements to date in 2021:

- On January 8, 2021, the Company announced the additional acquisition of 82 map registered cell claims, contiguous and to the west of its property holdings, within the prolific historic Thunder Bay Silver District. The Company's operational land portfolio now consists of 959 cell claims and 7 mining patents, covers 12 past-producing high-grade silver mines and encompasses approximately 20,000 hectares of ground.
- On January 25, 2021, the Company announced the resignation of its Chief Executive Officer ("CEO") and the subsequent appointment of an interim CEO.
- On January 28, 2021, Honey Badger Silver appointed a new Chief Financial Officer and Corporate Secretary through the engagement of a corporate services firm ("Grove").
- On March 15, 2021, the Company announced that it signed a definitive agreement (the "Agreement") on March 12, 2021 with Strategic Metals Ltd. ("Strategic Metals"), pursuant to which Honey Badger Silver has agreed to acquire 100% of Strategic Metals' right, title and interest in three advanced silver-focused properties located in southeast and south-central Yukon, Canada (the "Acquisition"). The Agreement follows the announcement on February 11, 2021 of a letter of intent between the parties regarding the Acquisition. In consideration for 100% interest in the properties, Honey Badger Silver has agreed to issue to Strategic Metals 34,762,104 common shares in the capital of Honey Badger Silver, being 19.9% of the issued and outstanding common shares of the Company after the closing of the previously announced unit offering for gross proceeds of \$3 million, which is a condition precedent of the Acquisition, and the closing of the Acquisition.
- On March 18, 2021, the Company announced that it had closed the non-brokered private placement offering (the "Private Placement" or the "Financing") previously announced on February 18, 2021. The Private Placement resulted in the issuance of 42,857,143 units for aggregate gross proceeds of \$3,000,000. Each Unit was priced at \$0.07 and consists of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one (1) additional common share of the Company at a price of \$0.10 for a period of three years from the date of closing of the Financing.
- On March 23, 2021, the Company announced that the Board of Directors approved the grant of stock options to directors, officers, employees and consultants of the Company allowing for the acquisition of up to, in the aggregate, 6,175,000 shares of the Company. The options are exercisable at a price of \$0.12 per share for a period of five years from the date of grant and are subject to the approval of the TSX Venture Exchange and all regulatory approvals.



## 6.0 TECHNICAL PERFORMANCE AND 2021 WORK PROGRAM

2020 was a year of transition for the Company, marked by changes to Management and re-alignment of strategic direction. As a result, no significant exploration work was completed on the Company's properties during the year although the Company did take the opportunity to rationalize its land holdings in the Thunder Bay Silver District, cancelling a portion of its mining claims in areas deemed to have lower exploration potential.

During 2021, the Company will pursue a two-pronged approach to adding exposure to silver ounces on an accretive per-share basis, chiefly by:

- finding additional silver resources on its existing properties by applying conventional and innovative mineral deposit targeting tools.
- acquiring new assets in silver-rich districts around the world. Well over 100 such targets — appropriate in scale and scope for the Company at the current time — are being reviewed in detail.

Towards this end, on February 11, 2021, the Company announced that it has signed a binding letter of intent (the "LOI") with Strategic Metals Ltd. ("Strategic Metals"; TSX-V: SMD) to acquire a 100% interest in three silver-focused advanced properties located in the Yukon Territory, Canada. In consideration for a 100% interest in these properties, Honey Badger has agreed to issue to Strategic Metals common shares in the capital of Honey Badger equal to 19.9% of the issued and outstanding common shares of the Company and a 2% net smelter royalty on minerals other than silver. The Company believes that these three new silver properties in the Yukon offer as much as or greater exploration upside than our current Thunder Bay portfolio which is itself very prospective for high-grade silver. The transaction with Strategic Metals is expected to close in Q2 2021.

For 2021, a fairly modest \$530,000 summer-fall exploration program is planned for the Company's Thunder Bay property, comprising surface geochemical exploration work (collection of rock and soil samples) and airborne geophysics.

## EXPLORATION PROPERTIES

### Thunder Bay Properties, Ontario

#### *(i) Thunder Bay Silver & Cobalt Corp.*

On June 7, 2018, the Company acquired Thunder Bay Silver & Cobalt Corp., a private company, which increased the Company's interests in the Thunder Bay area. Under the terms of the acquisition, the Company issued 7,000,000 common shares, valued at \$1,050,000 and made a cash payment of \$53,000. Thunder Bay Silver & Cobalt Corp. held no other assets other than the mineral claims.

During the year ended December 31, 2019, the Company incurred a total of \$870,662 for geology and geophysical consulting fees, drilling, assays, field and travel costs. During the year ended December 31, 2020, the Company incurred a total of \$52,269 for claims management fees, consulting fees, and sundry expenses.

On April 11, 2020, the Company cancelled 960 claims, including 70 claims making up the main block of Lily of the Valley and 890 claims surrounding the MSM high priority group that was protected with renewals and an exclusion application.



On January 8, 2021, the Company acquired 82 map registered cell claims, contiguous and to the west of its property holdings, within the historic Thunder Bay Silver District. Following this acquisition, The Company's operational land portfolio now consists of 959 cell claims and 7 mining patents, covering 12 past-producing high-grade silver mines with historic production of 1.7 million ounces of silver, and encompasses approximately 20,000 hectares of ground.

*(ii) Beaver Silver Property*

On July 19, 2018, the Company entered into an option agreement to acquire up to a 100% interest in the Beaver Silver Property from Cairngorm Mines Ltd. Under the terms of the option agreement, the Company may exercise the option over a three-year period, by making cash payments totalling \$75,000 (which has been paid), issuing common shares with a market value of \$410,000 over the option period and incurring exploration expenditures of \$750,000 over the option period.

In connection with the Cairngorm option the Company issued 357,143 common shares, valued at \$42,857 on August 10, 2018 and 6,000,000 common shares, valued at \$240,000 on August 7, 2019.

**Yukon Silver Properties**

On February 11, 2021, the Company signed a binding Letter of Intent ("LOI") with Strategic Metals Ltd. ("Strategic Metals") to acquire its right, title and interest in three advanced, silver-focused properties located in southeast and south-central Yukon, Canada (the "Acquisition"). A definitive agreement was signed on March 12, 2021. The properties, comprised of Plata, Groundhog, and Hy, are located near major historical silver camps or workings. Pursuant to the agreement, in consideration for 100% interest in the properties, Honey Badger Silver will issue to Strategic Metals 34,762,104 common shares in the capital of Honey Badger Silver.

(i) Plata

Plata lies within the Tintina Gold Belt and displays many similarities to the Keno Hill Silver Camp located about 180 km to the west. The Keno Hill Silver Camp is Canada's second largest primary producer of silver with production from approximately thirty-five vein deposits between 1913 and 1989. A reported 2,041 tonnes of hand sorted material were shipped from high grade veins on the Plata property to a smelter, yielding about 9,020 kg (290,000 ounces) of silver; this equates to a recovered silver grade of approximately 4,420 grams per tonne (g/t) silver (Turner, 2009).

(ii) Groundhog

Silver mineralization was first discovered in the road-accessible Groundhog area in 1956. Since that time over one hundred showings have been discovered in the district by various operators. One of these showings was bulk sampled in 1988 and 1995. This work resulted in the removal of 52.5 tonnes grading approximately 3,800 g/t silver. A rock sample from the property returned 11,663.5 g/t silver (Kammerer and Turner, 2010).

(iii) Hy

The road accessible Hy property covers many silver occurrences that were first discovered on the property in 1964. Three mineralized zones were the primary focus of past exploration with the areas between them essentially unexplored. Bulldozer trenching uncovered a chip sample that yielded 370.3 g/t silver over 3.2 metres (Mitchell, 2015).



### **Wemindji Property**

Effective April 26, 2021, the entitlement to these claims lapsed.

### **LG Diamond Property, Quebec**

On September 29, 2015, the Company entered into an agreement with 9019-5504 Quebec Inc. (the "Vendor") to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. As consideration, the Company issued 10,000,000 common shares at a value of \$0.01 each and granted a 2% net smelter returns ("NSR") royalty to the Vendor. One half, or 1% of the NSR can be bought back for \$1,000,000 and the remaining 1% for \$2,000,000. The purchase transaction closed on October 23, 2015.

### **EXPLORATION AND EVALUATION EXPENDITURES**

Pursuant to the Company's accounting policy for exploration and evaluation expenditures, Honey Badger expenses all costs relating to the acquisition of and exploration of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

The Company incurred exploration and evaluation expenditures of \$52,269 during the year ended December 31, 2020 on Thunder Bay properties (2019- \$1,110,662).



The following is a table of the cumulative exploration and evaluation expenditures as at December 31, 2019 and 2020:

|                                   | Thunder Bay<br>Properties | LG Diamond &<br>Wemindji | Other              | Total              |
|-----------------------------------|---------------------------|--------------------------|--------------------|--------------------|
| <b>Balance, January 1, 2019</b>   | <b>\$1,756,754</b>        | <b>\$539,587</b>         | <b>\$3,311,800</b> | <b>\$5,608,141</b> |
| Property acquisition costs        | 240,000                   | —                        | —                  | 240,000            |
| Drilling                          | 198,703                   | —                        | —                  | 198,703            |
| Assays                            | 46,360                    | —                        | —                  | 46,360             |
| Geophysics                        | 103,326                   | —                        | —                  | 103,326            |
| Travel                            | 21,913                    | —                        | —                  | 21,913             |
| Supplies and other                | 500,360                   | —                        | —                  | 500,360            |
| Total exploration expenditures    | \$1,110,662               | —                        | —                  | \$1,110,662        |
| <b>Balance, December 31, 2019</b> | <b>\$2,867,416</b>        | <b>\$539,587</b>         | <b>\$3,311,800</b> | <b>\$6,718,803</b> |
| Property acquisition costs        | —                         | —                        | —                  | —                  |
| Claims management fees            | 14,762                    | —                        | —                  | 14,762             |
| Geology and geophysics fees       | 35,602                    | —                        | —                  | 35,602             |
| Supplies and other                | 1,905                     | —                        | —                  | 1,905              |
| Total exploration expenditures    | \$52,269                  | —                        | —                  | 52,269             |
| <b>Balance, December 31, 2020</b> | <b>\$2,919,685</b>        | <b>\$539,587</b>         | <b>\$3,311,800</b> | <b>\$6,771,072</b> |

## 6.2 FINANCIAL PERFORMANCE

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain economically recoverable material. As a result, the Company has no current sources of revenue other than interest earned on cash which is derived from issuances of share capital. There are no known economic deposits of minerals on any of the mineral exploration properties of the Company and any planned activities of the Company consist of exploratory searches for minerals.

### SELECTED FINANCIAL INFORMATION

| For the year ended December 31,                 | 2020              | 2019        | 2018        |
|---|-------------------|-------------|-------------|
| <b>Statement of Loss and Comprehensive Loss</b> |                   |             |             |
| Exploration and acquisition expenditures        | <b>\$52,269</b>   | \$1,110,662 | \$1,753,823 |
| Other income                                    | <b>320,000</b>    | 137,207     | —           |
| Loss and comprehensive loss                     | <b>(379,766)</b>  | (1,023,921) | (2,368,258) |
| Basic loss per share                            | <b>\$(0.00)</b>   | \$(0.01)    | \$(0.04)    |
| Weighted average shares outstanding             | <b>85,050,771</b> | 76,770,824  | 63,688,166  |



|   | 2020         | 2019        | 2018          |
|---|--------------|-------------|---------------|
| <b>Statement of Cash Flows</b>            |              |             |               |
| Net cash used in operating activities     | \$ (793,439) | \$(817,401) | \$(1,077,229) |
| Net cash provided by financing activities | 588,361      | —           | —             |
| Net cash provided by investing activities | 125,170      | —           | 1,877,835     |
| <b>Statement of Financial Position</b>    |              |             |               |
| Cash and cash equivalents                 | \$235,650    | \$315,558   | \$1,132,962   |
| Total assets                              | 728,209      | 429,598     | 1,156,854     |
| Total liabilities                         | 408,322      | 543,306     | 486,641       |
| Shareholders' equity (deficiency)         | 319,887      | (113,708)   | 670,213       |

### Year ended December 31, 2020 compared to December 31, 2019

The Company realized a loss and comprehensive loss for the year ended December 31, 2020 of \$379,766 (2019 - \$1,023,921). The Company received \$320,000 in other income for the sale of strategic exploration information in exchange for common shares of another mining company. Exploration expenses were also significantly lower in 2020 over 2019 which is the main driver of the change in net loss, year over year. The net change is offset by a significant increase in expenses in 2020 compared to 2019, in particular, management fees, consulting fees and share-based compensation related to stock options granted during the year.

The Company incurred \$52,269 in exploration expenditures during the year ended December 31, 2020 (2019 – \$1,110,662), which represents a decrease of \$1,058,393 over the prior year. In 2019, Honey Badger executed a drill program on its Thunder Bay properties, and incurred property acquisition costs related to its Beaver Silver Property. No exploration program was carried out on the Company's properties in 2020.

### 6.3 QUARTERLY RESULTS

|  | 2020        |              |           |           |
|--|-------------|--------------|-----------|-----------|
|  | December 31 | September 30 | June 30   | March 31  |
| <b>Statement of Loss and Comprehensive Loss</b>            |             |              |           |           |
| Other income   | \$262,266   | —            | \$57,645  | \$89      |
| Exploration and acquisition expenditures                   | 549         | 4,785        | 26,519    | 20,416    |
| Share-based payments                                       | —           | 225,000      | —         | —         |
| Loss and comprehensive loss                                | 93,459      | (414,951)    | 3,925     | (62,199)  |
| Basic and diluted earnings (loss) per share <sup>(1)</sup> | \$0.00      | \$(0.00)     | \$0.00    | \$(0.00)  |
| <b>Statement of Financial Position</b>                     |             |              |           |           |
| Cash & cash equivalents                                    | \$235,650   | \$537,066    | \$40,704  | \$32,710  |
| Total assets   | 728,209     | 583,136      | 233,785   | 144,393   |
| Total liabilities  | 408,322     | 447,506      | 405,765   | 320,299   |
| Shareholders' equity (deficiency)                          | 319,887     | 135,630      | (171,979) | (175,906) |



|  | 2019        |              |           |             |
|--|-------------|--------------|-----------|-------------|
|  | December 31 | September 30 | June 30   | March 31    |
| <b>Statement of Loss and Comprehensive Loss</b>            |             |              |           |             |
| Other income   | \$10,144    | \$39         | \$126,960 | \$64        |
| Exploration and acquisition expenditures                   | 551,699     | 173,080      | 355,718   | 30,165      |
| Share-based payments                                       | —           | —            | —         | —           |
| Loss and comprehensive loss                                | (455,781)   | (164,266)    | (334,319) | (69,555)    |
| Basic and diluted earnings (loss) per share <sup>(1)</sup> | \$(0.00)    | \$(0.00)     | \$(0.00)  | \$(0.00)    |
| <b>Statement of Financial Position</b>                     |             |              |           |             |
| Cash & cash equivalents                                    | \$315,558   | \$710,511    | \$884,703 | \$1,079,488 |
| Total assets   | 429,598     | 853,874      | 1,083,706 | 1,095,371   |
| Total liabilities  | 543,306     | 562,246      | 747,813   | 494,715     |
| Shareholders' equity (deficiency)                          | (113,708)   | 291,628      | 335,893   | 600,656     |

<sup>(1)</sup> Net loss per share on a diluted basis is the same as basic net loss per share as all factors which were considered in the calculation are anti-dilutive.

### Three-month period ended December 31, 2020 compared to December 31, 2019

The Company realized net income of \$93,459 during the three months ended December 31, 2020 compared to a net loss of \$455,781 during the prior year comparative period. The main driver of the change in the current period versus the prior period is the amount incurred in exploration expenditures during the three months ended December 31, 2020 of \$549 compared to the same three-month period in 2019 of \$551,699. Additionally, the Company had other income of \$320,000 during the current year period related to the sale of strategic exploration information to an unrelated mining company, compared to \$10,144 earned in the same three-month period in 2019. Professional and consulting fees also contributed significantly to the change in net earnings (loss) in Q4 2020 compared to Q4 2019.

The Company incurred \$549 in exploration expenditures in Q4 2020 (Q4 2019 – \$551,699), representing a difference of \$551,150 between the two periods. In the prior year period, Honey Badger was finishing up an exploration program on its Thunder Bay Properties. No such exploration work was carried out during the three months ended December 31, 2020.

### 6.4 CASH FLOW ANALYSIS

Cash flow (used in) provided by for the year ended December 31, 2020 and 2019 was as follows:

| Year ended December 31,                          | 2020             | 2019             | 2018               |
|--|------------------|------------------|--------------------|
| Net cash (used in) provided by:                  |                  |                  |                    |
| Operating activities                             | \$(793,439)      | \$(817,404)      | \$(1,077,229)      |
| Financing activities                             | 588,361          | —                | 1,877,835          |
| Investing activities                             | 125,170          | —                | —                  |
| Increase (decrease) in cash and cash equivalents | (79,908)         | (817,404)        | 800,606            |
| Cash and cash equivalents, beginning of year     | 315,558          | 1,132,962        | 332,356            |
| <b>Cash and cash equivalents, end of year</b>    | <b>\$235,650</b> | <b>\$315,558</b> | <b>\$1,132,962</b> |



Net cash used in operating activities during the year ended December 31, 2020 was \$793,439. This is a decrease over the prior year of \$23,965 from \$817,404.

Net cash of \$588,361 was provided by financing activities during the year ended December 31, 2020. The Company did not engage in any financing activity during the year ended December 31, 2019.

Net cash of \$125,170 was provided by investing activities during the year ended December 31, 2020 compared to \$nil in 2019.

## 6.5 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT EXPENSE

Related parties as defined by IAS 24 - *Related Party Disclosures* include the member of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling activities of the Company.

Compensation for management personnel of the Company was as follows:

| <b>Year ended December 31,</b>      | <b>2020</b>      | <b>2019</b> |
|-------------------------------------|------------------|-------------|
| Compensation <sup>(1)</sup>         | <b>\$290,714</b> | \$89,526    |
| Share-based payments <sup>(2)</sup> | <b>189,000</b>   | —           |
|                                     | <b>\$479,714</b> | \$89,526    |

<sup>(1)</sup> Included in salaries, professional fees and exploration expenditures allocated to projects.

<sup>(2)</sup> Represents the expense of stock options granted during the year to related parties.

As at December 31, 2020, a balance of \$22,373 (2019 - \$14,805) owing to related parties was included in accounts payable and accrued liabilities.

## 7.0 LIQUIDITY AND CAPITAL MANAGEMENT

As of December 31, 2020, the Company had working capital of \$319,887 (December 31, 2019 – deficiency of \$113,708).

There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.



The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and makes adjustments in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending.

## **7.1 FINANCIAL RISK MANAGEMENT**

The following disclosures are to enable users of the Annual Financial Statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with oversight of these risks by the Company's Board of Directors.

### **(i) Credit risk**

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with first tier Canadian banks and financial institutions. The Company's receivables related to sales taxes have negligible counterparty default risk. The Company's receivables related to companies related by common management are subject to counterparty default risk.

### **(ii) Liquidity risk**

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a balance of cash and cash equivalents of \$235,650 (2019 - \$315,558) to settle current accounts payable and accrued liabilities of \$110,291 (2019 - \$278,275). While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available. All of the Company's financial liabilities have contractual maturities of less than 30 days.



(iii) Market risk

The Company's market risk arises from changes in interest rates, foreign exchange rates, and commodity prices that could have an impact on profit or loss. This includes:

- Interest rate risk is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to diamonds, is the sensitivity of the fair value of or of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration of its mineral assets, or for the acquisition or disposition of mineral assets.
- Currency risk is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

#### **8.0 OFF-BALANCE SHEET ARRANGEMENTS**

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

#### **9.0 PROPOSED TRANSACTION**

The Company has no other proposed transactions pending, other than the acquisition of the Yukon silver properties. See section 6.0 – *Strategy and Performance*.

#### **10.0 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS**

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its Annual Financial Statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Management of the Company applies assumptions and makes judgements in determining the going concern, deferred flow-through premium estimates, deferred taxes, and share-based compensation..

For additional details, the accounting policies, and critical judgments, estimates and assumptions applied in the preparation of the Company's Annual Financial Statements are reflected in note 3 of the Annual Financial Statements.



## 11.0 ADOPTION OF NEW ACCOUNTING STANDARDS

### Basis of Consolidation

The Company's Annual Financial Statements include the accounts of the Company, and its wholly-owned subsidiaries, 606596 Alberta Ltd., and The Thunder Bay Silver & Cobalt Corp.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The Annual Financial Statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

### Adoption of New Accounting Standards

The Company adopted the new IFRS pronouncements listed below as at January 1, 2020, in accordance with the transitional provisions. The adoption of this standard did not affect the Company's financial results or disclosures. IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of this standard did not affect the Company's financial results or disclosures.

### New Accounting Standards Not Yet Effective

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

## 12.0 INCOME TAX

See note 12 of the Annual Financial Statements.

## 13.0 SHARE CAPITAL

Activity in the Company's equity accounts is more fully described in note 8 of the Annual Financial Statements for the year ended December 31, 2020.

There were 94,853,224 common shares outstanding as of December 31, 2020, and the issued share capital was \$9,957,368. Changes in issued share capital during the years ended December 31, 2020 and 2019 were as



follows:

|  | Number of<br>Common Shares | Amount             |
|--|----------------------------|--------------------|
| <b>Balance, December 31, 2018</b>          | <b>74,370,824</b>          | <b>\$9,300,406</b> |
| Shares issued for property acquisition (i) | 6,000,000                  | 240,000            |
| <b>Balance, December 31, 2019</b>          | <b>80,370,824</b>          | <b>\$9,540,406</b> |
| Shares issued for private placement (ii)   | 12,500,000                 | \$500,000          |
| Less: share issue costs                    | —                          | (23,149)           |
| Warrants issued (ii)                       | —                          | (232,704)          |
| Shares issued for the exercise of warrants | 1,982,400                  | 172,815            |
| <b>Balance, December 31, 2020</b>          | <b>94,853,224</b>          | <b>\$9,957,368</b> |

- (i) On August 7, 2019 the Company issued 6,000,000 common shares, valued at \$240,000, in connection with the Cairngorm option agreement (see above – Beaver Silver Property).
- (ii) On August 21, 2020, the Company completed a non-brokered private placement financing at a price of \$0.04 per Unit for total gross proceeds of \$500,000 consisting of 12,500,000 units (the "Units"). Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one share for a period of 24 months at a price of \$0.05.

### 13.1 STOCK OPTIONS

The following table reflects the options activity during the years ended December 31, 2020 and 2019:

|  | Number of Options | Weighted Average<br>Exercise Price |
|--|-------------------|------------------------------------|
| <b>Balance, December 31, 2018 and 2019</b> | <b>5,855,000</b>  | <b>\$0.08</b>                      |
| Granted(i)                                 | 3,750,000         | \$0.06                             |
| Expired/cancelled (ii)                     | (3,030,000)       | \$0.05                             |
| <b>Balance, December 31, 2020</b>          | <b>6,575,000</b>  | <b>\$0.06</b>                      |

- (i) On August 28, 2020, the Company granted 3,750,000 stock options (2019 – nil) to directors, officers, employees and consultants of the Company. The options are exercisable at a price of \$0.06 per common share for a period of 5 years from the date of grant and vested immediately upon grant.

The fair value assigned to the stock options granted during the year ended December 31, 2020 was \$225,000 which was calculated using the Black-Scholes option pricing model using the following assumptions: risk-free rate – 0.25%; volatility – 199%; expected life – 5.0 years; dividend yield - 0%; and forfeiture rate - 0%, which resulted in a weighted average fair value of \$0.06 per stock option.

- (ii) During the year ended December 31, 2020, a total of 3,030,000 stock options previously granted to directors, officers and consultants, expired unexercised, or were cancelled as the grantees were no longer working for the Company.



The following table reflects the options outstanding as of December 31, 2020:

| Exercise Price | Number of Outstanding Options | Weighted Average Remaining Contractual Life – Years | Number of Options Exercisable | Expiry Date       |
|----------------|-------------------------------|---|-------------------------------|-------------------|
| \$0.055        | 850,000                       | 0.14  | 850,000                       | February 20, 2021 |
| \$0.100        | 1,975,000                     | 2.87  | 1,975,000                     | August 20, 2023   |
| \$0.060        | 3,750,000                     | 4.66  | 3,750,000                     | August 28, 2025   |
|                | <b>6,575,000</b>              |   | <b>6,575,000</b>              |                   |

### 13.2 WARRANTS

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration or exercise.

The following table reflects the warrants activity during the years ended December 31, 2020 and 2019:

|                                   | Number of Warrants | Weighted Average Exercise Price | Fair value on the date of issuance |
|-----------------------------------|--------------------|---------------------------------|------------------------------------|
| <b>Balance, December 31, 2018</b> | <b>21,708,037</b>  | <b>\$0.14</b>                   | <b>\$746,172</b>                   |
| Expired                           | (3,332,960)        | 0.30                            | —                                  |
| <b>Balance, December 31, 2019</b> | <b>18,375,077</b>  | <b>\$0.11</b>                   | <b>\$746,172</b>                   |
| Issued (i)                        | 12,500,000         | 0.05                            | 232,704                            |
| Exercised                         | (1,982,400)        | 0.07                            | (61,305)                           |
| Expired                           | (9,897,081)        | 0.09                            | (282,324)                          |
| <b>Balance, December 31, 2020</b> | <b>18,995,596</b>  | <b>\$0.08</b>                   | <b>\$635,247</b>                   |

- (i) On August 21, 2020, as part of a non-brokered private placement, the Company issued 12,500,000 units (the "Units"). Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one share for a period of 24 months at a price of \$0.05. Using the Black-Scholes option pricing model, a fair value of the \$232,704 was assigned to the warrants using the following assumptions: expected dividend yield of 0%; risk-free interest rate of 0.25%; volatility of 231%, and an expected life of 24 months.

The following table reflects the warrants issued and outstanding as of December 31, 2020:

| Date of Issue   | Expiry Date     | Exercise Price | Number of Warrants | Remaining life years |
|-----------------|-----------------|----------------|--------------------|----------------------|
| May 17, 2018    | May 17, 2021    | \$0.16         | 4,275,000          | 0.37                 |
| May 17, 2018    | May 17, 2021    | \$0.10         | 984,846            | 0.37                 |
| June 5, 2018    | June 5, 2021    | \$0.16         | 1,062,500          | 0.43                 |
| June 5, 2018    | June 5, 2021    | \$0.10         | 173,250            | 0.43                 |
| August 21, 2020 | August 21, 2022 | \$0.05         | 12,500,000         | 1.64                 |
|                 |                 | <b>\$0.08</b>  | <b>18,995,596</b>  |                      |



## 14.0 COMMITMENTS AND CONTINGENCIES

- (i) Flow-through expenditure commitments: The Company completed flow-through share financings that involve a commitment to incur Canadian Exploration Expenditures (“CEEs”) prior to the end of specific calendar years and to renounce the CEE tax deductions to the subscribers. As at December 31, 2020, the Company had a CEE shortfall of \$nil (2019: \$31,830).
- (ii) COVID-19: see the discussion entitled *Novel Coronavirus (“COVID-19”)* at the end of this MD&A.

## 15.0 OUTSTANDING SHARE DATA

As of April 30, 2021, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

| As at             | Common Shares      | Warrants <sup>(1)</sup> | Stock Options <sup>(1)</sup> | Fully Diluted |
|-------------------|--------------------|-------------------------|------------------------------|---------------|
| December 31, 2019 | <b>80,370,824</b>  | 18,375,077              | 5,855,000                    | 104,600,901   |
| December 31, 2020 | <b>94,853,224</b>  | 18,995,596              | 6,575,000                    | 120,423,820   |
| April 30, 2021    | <b>139,785,365</b> | 40,049,468              | 11,600,000                   | 191,434,833   |

## 16.0 CONTROLS

### 16.1 INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company’s management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company’s finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company’s certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company’s disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company’s internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Filings of the Canadian Securities Regulators, were effective overall.



## 16.2 DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

## 17.0 RISKS

Risk factors that must be considered in achieving the Company's business objectives include the risk that exploration or joint venture activities may not result in the discovery of minerals or definition of any mineral resources or reserves, that significant expenses could be required to define mineral reserves, that environmental, land title and competitive issues may prevent the development of any mineral reserves, and that the Company or its prospective joint venture partners may fail to generate adequate funding to develop mineral reserves.

The Company accepts the risks which are inherent to mineral exploration programs, venturing into certain joint venture relationships, and the exposure to the cyclical nature of mineral prices. The Company relies on the geological and industry expertise of its Toronto-based management team and engages sub-contractors to complete certain aspects of its exploration and acquisition programs.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Exploration Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs



of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct complete and install mining and processing facilities on those properties that are actually mined and developed.

- *No History of Profitability*

The Company is an exploration stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In order for the Company to carry out its mining activities, its exploitation must be kept current. There is no guarantee that the Company's exploitation will be extended or that new exploitation will be granted. In addition, such exploitation could be changed and there can be no assurances that any application to renew any existing will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.



- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature of today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such



conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

- *Novel Coronavirus ("COVID-19")*

Since March 2020 there has been a continuing global outbreak of COVID-19 (coronavirus), which 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.

## **18.0 APPROVAL**

The Board of Directors of the Company has approved the Annual Financial Statements and the disclosure contained in this MD&A.

## **19.0 FURTHER INFORMATION**

Additional information relating to the Company can be found on the Company's website at [www.honeybadgersilver.com](http://www.honeybadgersilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).