



SILVER MOUNTAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2021 and 2020

Silver Mountain Resources Inc.
Management's Discussion & Analysis
Years Ended December 31, 2021 and 2020
Discussion dated: April 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Silver Mountain Resources Inc. ("**SMR**" or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2021 and 2020. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2021 and 2020, together with the notes thereto. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standard ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). Information contained herein is presented as of April 29, 2022, unless otherwise indicated.

Unless otherwise noted, all amounts presented are in United States dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please refer to those risk factors referenced in the "Risks and Uncertainties" section below and the "Risk Factors" section of the final long form prospectus in respect of the initial public offering filed and dated January 26, 2022. Readers are cautioned that these do not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

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DESCRIPTION OF BUSINESS

Silver Mountain Resources Inc. is a publicly traded silver explorer and mine developer listed on the Toronto Stock Exchange Venture, which in planning to re-start production at the Reliquias underground mine and undertake exploration activities at its highly prospective silver camps at the Castrovirreyna Project ("the Project") in Huancavelica, Peru. SMR owns a 2,000 tpd processing plant and a 2-year operating tailings dam. The Company targets the acquisition of mining concessions for exploration, exploitation, extraction, and processing of all types of minerals with a special focus on precious metals.

The Project includes mine infrastructure that supported the Reliquias underground operations, which were operated by Corporación Minera Castrovirreyna from 2005–2015. When Sociedad Minera Reliquias S.A.C (SMR Peru) acquired the Project, it included the following infrastructure:

- Reliquias underground mine: consisting of ventilation system, water pumping system, explosives magazine, and mining equipment;
- Concentrator: a 2,000 t/d conventional concentrator to produce lead, zinc, and copper concentrates;
- Tailings storage facility (TSF): sufficient remaining capacity for two years of tailings production at 2,000 t/d process rate;
- Infrastructure: power supply line, water supply system, fuel storage, a 370-person camp, warehouses, and maintenance shops, and paved roads.

In 2018, the Company acquired certain liquidated assets from Corporación Minera Castrovirreyna ("CMC") that comprised the Castrovirreyna Project ("the Project"). The Project is located near the town of Castrovirreyna, department of Huancavelica, province of Castrovirreyna, Peru. The Project includes mine infrastructure that supported the Reliquias and Caudalosa Grande underground operations, which were operated by CMC from 2005–2015.

SMR has a total mining concession right of 27,059 ha. The total concessions are divided among the Castrovirreyna Project mining concessions (Reliquias and Dorita Blocks) with mineralization potential (26,650 ha), the plants and tailings associated to the Castrovirreyna Project (139 ha), and other concessions with mineralization potential (270 ha).

SMR has two sub-areas, referred to as Reliquias (12,972 ha) and Dorita (13,678 ha), and the Company holds all mineral concessions in these blocks. The Project acquired included the Reliquias and Caudalosa Grande underground mines and associated infrastructure, the Jose Picasso Perata processing plant and a tailings storage facility. SMR owns 100% of its concessions which are currently held in name of Sociedad Minera Reliquias

On May 7, 2021, a reverse takeover transaction (the "RTO Transaction") between SMR and SMR Peru was completed. The shareholders of SMR Peru exchanged 100% of their issued and outstanding shares for shares of SMR, representing 56% of the issued and outstanding shares of SMR. On completion of the RTO Transaction, SMR Peru was determined to be the accounting acquirer and accordingly, the combined entity is a continuation of SMR Peru.

On May 6, 2018, the Company and Trafigura Pte Ltd ("Trafigura"), signed a contract for the assignment of credit rights for \$7,160,000 for the acquisition of assets and mining concessions from Corporación Minera Castrovirreyna in liquidation. These assets and mining concessions were acquired by Minera Reliquias for consideration that included a cash payment and future agreed payments with a nominal value of \$7,160,000.

To settle the purchase price, the Company made an initial payment of \$2,620,000 and the remaining balance of \$3,380,000 was to be paid in 36 monthly installments, with a single final payment of \$1,160,000. This loan bore interest at the 3-month Libor rate + 2.25% per annum. The final payment of \$1,160,000 was to be forgiven as long as the Company made the initial payment of \$2,620,000 and the 36 monthly installments.

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The 36 monthly installment payments were to commence in the month following the month in which the "José Picasso Perata" concentrator plant attained a minimum average monthly treatment rate of 1,000 t/d. If this rate was not attained by January 1, 2020, the payment period was to commence in October 2020.

The carrying value recorded on the acquisition date amounted to \$5,143,199 including taxes, which is equivalent to the initial cash payment of \$2,620,000 and the fair value of the loan assumed on the acquisition date. The fair value of the loan was calculated as the discounted future contractual cash payments under the loan agreement using an effective interest rate of 20% per annum. The debt component has been accreted systematically to its face value over the term of the loan by recording of additional interest.

On November 2, 2019, when the Company entered into an offtake agreement for the sale of concentrates with Trafigura, the Company and Trafigura signed an addendum to the foregoing loan agreement where Trafigura agreed to forgive the final payment of \$1,160,000 leaving a remaining loan balance of \$3,380,000. Additionally, the interest rate on the loan was increased to a 3-month Libor rate + 3% per annum. The agreement was settled at market commercial terms.

On August 13, 2020, the Company and Trafigura entered into a second addendum where the parties agreed to extend the start of the 36 debt payments on the \$3,380,000 portion of the loan until October 1, 2021.

On June 1, 2021, the Company and Trafigura closed an agreement where the parties signed an amended repayment schedule for the \$3,380,000 outstanding balance at that time that consisted of the following payments:

- A payment of \$375,555 in equal monthly payments over a period of four months from June 2021 to September 2021, plus interest.
- A payment of \$3,004,444 in equal monthly payments over a period of 36 months from October 2021 to September 2024 plus interest.

The November 2, 2019 and August 13, 2020 and amendments to the Trafigura loan arrangement were determined to be substantial modifications and therefore were accounted for as an extinguishment. The June 1, 2021 amendment was determined not to be a substantial modification and therefore was not accounted for as an extinguishment.

As of the date of this document, SMR has a total area of 27,059 ha in 276 concessions, of which the Reliquias block, consisting of 213 concessions, comprised 12,972 ha, and the Dorita block, consisting of 63 concessions, covered an approximate area of 13,678 ha.

CORPORATE HIGHLIGHTS

- On March 10, 2021, SMR issued 2,500,000 shares at a price of \$0.01 for gross proceeds of \$25,000.
- On April 15, 2021, the SMR closed a private placement of 33,333,330 units at a price of \$3.00 for gross proceeds of \$9,999,999. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant will be exercisable to acquire one common share at an exercise price of \$0.90 per share for a period of 36 months from the closing.

In connection with the private placement, the Company issued 186,640 compensation units and incurred professional costs of \$91,784. Each unit is comprised of one common share and one-half of one common share purchase warrant. The warrants have the same terms as those of the private placement.

- On May 7, 2021, there was an RTO Transaction between Minera Reliquias and SMR. In connection with the completion of the RTO Transaction, SMR acquired all the issued and outstanding shares of Minera Reliquias in exchange for 74,999,890 shares of the Company. In substance, the transaction involves

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Minera Reliquias shareholders obtaining control of SMR; accordingly, the transaction is considered to be a reverse acquisition transaction in which Minera Reliquias is identified as the accounting acquirer.

At the time of the transaction, SMR was a non-operating entity and did not meet the definition of a business under IFRS 3 - *Business Combinations*. As such, the acquisition was accounted for as a purchase of SMR's net assets. The consideration paid was determined as an equity-settled share-based payment under IFRS 2, at the fair value of the net assets received at the date of closing. IFRS 2 requires the shares issued for the acquisition of the net assets of SMR to be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated.

As SMR Peru was deemed to be the acquirer for accounting purposes, the Company's consolidated financial statements present the historical financial information to the date of the RTO Transaction are those of SMR Peru presented as a continuation of SMR Peru.

The following represents the fair value allocation to identifiable net assets acquired.

Consideration	
Fair value of 58,519,970 common shares of SMR ⁽¹⁾	\$ 9,922,218
Net assets acquired	
Cash	\$ 9,523,628
Cash advanced before RTO Transaction	500,000
Accounts payable and accrued liabilities	(101,410)
	\$ 9,922,218

⁽¹⁾ The common shares issued were valued based on the fair value of net assets acquired.

- On September 11, 2021, 1 share of the SMR Peru was transferred to Mula Mining Corp. through a private agreement since Peruvian Corporate Law requires companies such as SMR Peru to have more than one shareholder (plurality of shareholders) and does not allow a single shareholder to be the sole owner of a company such as SMR Peru for more than 6 months, in September 2021 the Company transferred one (1) share to Mula Mining Corp. (which is a Canadian entity and also a shareholder in the Company), therefore complying with Peruvian law. Because this non-controlling interest in SMR Peru is not material, it has not been recorded in the Company's consolidated financial statements.
- On September 17, 2021, the Board of Directors of the Company approved the establishment of the Company's stock option plan relating to the Company's directors, officers, employees and consultants, and to reserve up to 10% of the common shares in the capital of the Company issued and outstanding from time to time for issuance thereunder.
- On September 17, 2021, the Company granted stock options to certain directors and officers of the Company and its subsidiaries to purchase up to 5,900,000 common shares of the Company, exercisable at a price of \$0.30 per share and expiring on April 30, 2025. These options will vest over the span of three years, with 2,950,000 to be vested on the first anniversary of the date of grant, 1,475,000 to be vested on the second anniversary of the date of grant, and the remaining 1,475,000 to be vested on the third anniversary of the date of grant.
- On October 18, 2021, the Company filed a preliminary long-form prospectus with the securities' regulatory authorities in each of the provinces of Canada other than Quebec and a final long-form prospectus with the same regulatory authorities on January 26, 2022.
- On November 15, 2021, the Company's Board of Directors approved a ten-for-one stock split of the Company's issued and outstanding common shares. Shareholders of record at the close of business on

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November 15, 2021 received nine additional common shares for every common share owned. All share data contained in this MD&A has been adjusted to reflect this share split retrospectively.

SUBSEQUENT EVENTS

- On February 2, 2022, the Company closed the initial public offering (the "Offering") of 46,000,000 units of the Company (the "Units") at a price of \$0.39 (C\$0.50) per Unit (the "Offering Price"), for gross proceeds of \$18,143,094 (C\$23,000,000). The Company also issued an additional 6,900,000 Units at the Offering Price, for additional gross proceeds of \$2,721,464 (C\$3,450,000), in connection with the exercise in full of the over-allotment option. Each Unit is comprised of one common share (a "Common Share") and one half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant is exercisable into one Common Share at a price of \$0.55 (C\$0.70) per Common Share and expire on February 2, 2024. At the same time, the Company issued 2,310,000 stock options with an exercise price of \$0.39 (C\$0.50). The Common Shares commenced trading on the TSX Venture Exchange (the "TSXV") on February 2, 2022 under the symbol "AGMR". Upon the closing of the IPO, SMR appointed Mrs. Victoria Vargas and Mr. Bryan Coates to the Company's board of directors, as independent non-executive directors.
- On March 1, 2022, the Company fully repaid the outstanding balance of \$2,851,535 of its loan payable to Trafigura.
- On March 9, 2022, the TSXV has accepted for listing 26,450,000 Warrants issued in connection with the Offering, for trading on the TSXV. The Warrants commenced trading on the TSXV at the open of markets on March 11, 2022 under the symbol "AGMR.WT".

OPERATIONAL OVERVIEW

Past Production Mine

SMR has two main underground mines: Reliquias and Caudalosa. Both assets have recorded historical mining activity with polymetallic production rich in silver with contained zinc, lead, gold, and copper from 1952 to 2014. Furthermore, production reached an average of over 1 million ounces of silver and close to 3,000 ounces gold between 2009 to 2014. Moreover, in 2012, an average of 1.4 million ounces of silver and around 4,000 ounces of gold were obtained within a bulk concentrate. At that time, long-hole open stope, conventional cut & fill, and open pit were the chosen mining methods.

The Reliquias underground mine is located 10 km SW from the existing processing plant. The mine is currently accessible through a well-prepared underground road to the deepest part it. Mineralization consists of silver-rich sulfides and sulfosalts towards the upper part of the mine and shows concentration of base metals at deepening. On the other hand, the Caudalosa underground mine, shows a type of ore that is mainly composed of silver-rich sulfides and sulfosalts, galena, sphalerite, and copper sulfides.

The Reliquias and Caudalosa mines have exploration potential at depth for extensions of veins that were mined during operations, and lateral vein extensions. Mineralization that is exposed in the Sacasipuedes (SN 290) and Mataballo (SN 735-1) veins is a particularly attractive underground exploration prospect, as both veins remain open laterally and at depth. There is depth and lateral potential for extensions of veins that were mined in the former Dorita and Huancarpusca underground operations.

Historical mineral resources reported by Silver Mountain Resources have been prepared for internal exploration planning purposes and are summarized in the table below. Mineral resources, although not independently calculated, are of reasonable quality for the purposes of exploration programs and mine planning particularly at the Reliquias mine.

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43-101 Historical Resource Table¹

Resource	Volume Kt	Grades				Contained Metal				Silver Eq. ¹ Moz AgEq
		Silver (oz/t)	Zinc %	Lead %	Copper %	Silver Moz Ag	Zinc Mlb Zn	Lead Mlb Pb	Copper Mlb Cu	
Measured	337	8.5	3.6%	2.7%	0.6%	2.9	26.4	19.9	4.2	6.9
Indicated	401	9.7	3.4%	2.2%	0.5%	3.9	30.2	19.8	4.6	8.3
M & I	737	9.1	3.5%	2.4%	0.5%	6.7	56.6	39.7	8.8	15.2
Inferred	2,286	13.4	3.1%	2.7%	1.7%	30.6	153.9	137.0	84.9	66.4
Total Resources	3,023	12.4	3.2%	2.7%	1.4%	37.3	210.5	176.8	93.7	81.5

1. 43-101 Resource Table: M&I: Kt 737; Grades: Ag: 9.1 oz/t; Zn 3.5%; Pb 2.4%; Cu 0.5%; Contained: 6.7MozAg; 56.6MlbZn; 39.8MlbPb; 8.8MlbCu | Inferred: Kt 2,286; Grades: Ag: 13.4 oz/t; Zn 3.1%; Pb 2.7%; Cu 1.7%; Contained: 30.6MozAg; 153.7MlbZn; 137.1MlbPb; 93.5MlbCu | Silver Equivalent calculation at 43-101 Price deck: \$15.50 \$/oz Ag | \$1.20 \$/lb Zn | \$0.95 \$/lb Pb | \$2.81 \$/lb Cu

Exploration Properties

Reliquias

After the acquisition of the Project, Minera Reliquias has conducted exploration work that consisted of geological mapping, rock chip and soil sampling, induced polarization geophysical surveys and a reconstruction of historical geological data. Geological evaluation also included preliminary non-compliant mineral resource assessments for the historic Reliquias and Caudalosa Grande underground mines.

Dorita

At the Dorita block of properties, exploration work consisted of geological mapping, rock and soil sampling, induced polarization and magnetic geophysical surveys. The Dorita block of properties includes mining concessions that contain historic small scale underground operations in veins with polymetallic ore. These concessions were previously exploited when they were under the ownership of CMC however, these operations were suspended when CMC entered its liquidation process.

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	<u>As at December 31, 2021</u>			<u>As at December 31, 2020</u>		
	Acquisition Costs	Exploration Costs	Total	Acquisition Costs	Exploration Costs	Total
Brownfield - Reliquias	\$ 2,664,405	\$ 2,492,239	\$ 5,156,644	\$ 2,749,742	\$ 1,724,677	\$ 4,474,419
Greenfield - Dorita	1,335,581	1,224,401	2,559,982	1,340,537	635,072	1,975,609
Other	382,724	191,480	574,204	374,570	171,542	546,112
	\$ 4,382,710	\$ 3,908,120	\$ 8,290,830	\$ 4,464,849	\$ 2,531,291	\$ 6,996,140

	Brownfield - Reliquias	Greenfield - Dorita	Other	Total
Balance at December 30, 2019	\$ 4,030,209	\$ 1,806,962	\$ 515,008	\$ 6,352,179
Exploration costs				
General on-site expenses	44,740	11,991	5,965	62,696
Geology	153,099	-	-	153,099
Right of use	243,433	156,656	25,139	425,228
	441,272	168,647	31,104	641,023
Acquisition costs				
Mining rights	2,938	-	-	2,938
Balance at December 31, 2020	\$ 4,474,419	\$ 1,975,609	\$ 546,112	\$ 6,996,140
Exploration costs				
General on-site expenses	48,939	93,995	-	142,934
Geology	82,247	13,906	-	96,153
Environmental Fees	127,900	-	-	127,900
Outsourced geological studies	110,326	137,494	-	247,820
Right of use	364,520	302,278	19,938	686,736
Salaries and benefits	33,630	41,656	-	75,286
	767,562	589,329	19,938	1,376,829
Acquisition costs				
Mining rights	23,496	11,556	7,745	42,797
Extinguished rights (i)	(108,833)	(16,512)	409	(124,936)
Balance at December 31, 2021	\$ 5,156,644	\$ 2,559,982	\$ 574,204	\$ 8,290,830

- (i) The Company decided to withdraw six mining concessions in Reliquias (3,000 ha) and five mining concessions in Dorita (4,600 ha) totaling eleven mining concessions (7,600 ha) that had minimal or non-geological potential. The local authorities confirmed the withdrawal by the end of 2021.

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SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2021 (\$)	Year ended December 31, 2020 (\$)
Revenue	nil	nil
Net loss	(2,143,160)	(818,469)
Net loss per share – basic and diluted	(0.02)	(0.01)
	As at December 31, 2021 (\$)	As at December 31, 2020 (\$)
Total assets	16,902,934	8,467,429
Total long-term liabilities	1,137,652	2,038,415

RESULTS OF OPERATIONS

Year ended December 31, 2021, compared with the year ended December 31, 2020.

The Company's net loss totaled \$2,143,160 for the year ended December 31, 2021, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$818,469 with basic and diluted loss per share of \$0.01 for the year ended December 31, 2020. The increase of \$1,324,691 was principally because:

- During the year ended December 31, 2021, the Company recorded a gain on modification of Trafigura loan of \$nil compared to \$346,809 for the year ended December 31, 2020. The decrease is due to the Company and Trafigura entering a second addendum agreement on August 13, 2020, whereby the parties agreed to extend the start of the 36 debt payments on the loan until October 1, 2021. The August 13, 2020 amendment to the Trafigura loan arrangement was determined to be a substantial modification and therefore was accounted for as an extinguishment.
- During the year ended December 31, 2021, the Company recorded extinguished mining rights of \$124,936 compared to \$nil for the year ended December 31, 2020. The increase is due to the Company deciding to withdraw six mining concessions in Reliquias (3,000 ha) and five mining concessions in Dorita (4,600 ha) totaling eleven mining concessions (7,600 ha) that had minimal or non-geological potential. The local authorities confirmed the withdrawal by the end of 2021.
- During the year ended December 31, 2021, the company recorded share-based compensation of \$113,995 compared to \$nil for the year ended December 31, 2020, as a result of the vesting of stock options granted. Share-based compensation will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the year ended December 31, 2021, the Company recorded foreign exchange loss of \$120,450 compared to \$4,085 for the year ended December 31, 2020.

A breakdown of general and administrative expenses for the year ended December 31, 2021 and 2020 is provided below.

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Year Ended December 31,	2021 (\$)	2020 (\$)
Administrative expenses	134,463	141,531
Depreciation	184,489	181,853
Contractor fees	146,335	123,968
Environmental fees	92,042	86,624
Equipment rental	20,206	16,312
Filing fees	95	nil
Insurance	113,059	3,791
Meals and entertainment	32,780	34,062
Operating on-site expenses	94,548	97,270
Professional fees	186,029	26,589
Salaries and benefits	346,622	nil
Travel expenses	21,659	5,543
	1,372,327	717,543

- (i) General and administrative expenses increased by \$654,784 for the year ended December 31, 2021. The increase was primarily due to an increase in salaries and benefits of \$346,622, and additional expenses incurred resulting from the SMR Peru Acquisition, which occurred on May 7, 2021.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no operating revenues. It finances its exploration activities through proceeds from private placements of its securities. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all.

The Company's cash and cash equivalents were \$6,990,383 as at December 31, 2021 compared to \$203,610 as at December 31, 2020. Working capital as at December 31, 2021 was \$5,423,547 compared to a working capital deficiency of \$351,636 as at December 31, 2020. Working capital increased during the year ended December 31, 2021 by \$5,775,183. The increase was primarily attributed to the net assets acquired resulting from the SMR Peru Acquisition.

Operating Activities

Cash used in operating activities for the year ended December 31, 2021, was \$1,364,825. Operating activities were affected by a net loss of \$2,143,160, non-cash adjustments of \$833,547, and changes in non-cash working capital items of \$55,212. Non-cash adjustments consisted of depreciation of \$184,489, accretion of Trafigura loan payable of \$313,102, interest accrued on Trafigura loan of \$97,025, share-based compensation of \$113,995, and extinguished mining rights of \$124,936. The net change in non-cash working capital balances resulted from an increase in amounts receivable and other assets of \$121,760 and an increase in accounts payable and other liabilities of \$66,548.

Investing Activities

Cash used in investing activities for the year ended December 31, 2021 was \$1,299,444. For the year ended December 31, 2021, the Company incurred \$186,417 of deferred share issue costs, \$1,046,829 of exploration and evaluation costs and purchased mine concessions and property, plant and equipment of \$42,797 and \$23,401, respectively.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2021 was \$9,451,042. For the year ended December 31, 2021, the Company received proceeds of \$10,023,628 in connection with the SMR

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Peru Acquisition, and was offset by loan repayments of \$572,586.

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 include key management personnel and 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. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

Remuneration of key management personnel of the Company was as follows:

	Year Ended December 31,	
	2021	2020
	(\$)	(\$)
Management salaries ⁽¹⁾	370,983	nil
Share-based compensation ⁽²⁾	101,243	nil
	472,226	nil

⁽¹⁾ During the year ended December 31, 2021, management salaries of \$297,648 (year ended December 31, 2020 - \$nil) was expensed as salaries and benefits, and \$73,335 (year ended December 31, 2020 - \$nil) was capitalized as exploration and evaluation costs.

⁽²⁾ During the year ended December 31, 2021, the Company recorded share-based compensation expense of \$101,243 (year ended December 31, 2020 - \$nil) related to stock options granted to certain officers and directors of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

OUTSTANDING SHARE DATA

As at April 29, 2022, the Company had 186,419,860 common shares issued and outstanding.

As at April 29, 2022, the Company had 5,900,000 stock options issued and outstanding with an exercise price of \$0.30, as well as 2,310,000 stock options issued and outstanding with an exercise price of C\$0.50.

As at April 29, 2022, the Company had 16,759,870 warrants outstanding with an exercise price of \$0.90, as well as 26,450,000 warrants outstanding with an exercise price of C\$0.70.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the audited consolidated financial statements and accompanying notes. There is full disclosure of the Company's critical accounting policies and accounting estimates in the audited consolidated financial statements for the years ended December 31, 2021 and 2020.

RISKS AND UNCERTAINTIES

The business of the Company is subject to a variety of risks and uncertainties. Investment in the securities of the Company is highly speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of exploration and development of the Company's mineral property. Readers should carefully consider the risks disclosed in this MD&A.

This risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Company may be subject to, and therefore other risks may apply. The Company is subject to a number of risks and uncertainties in addition to those listed below. For a more comprehensive discussion of the significant risks facing the Company, refer to the section entitled "Risk Factors" in the final prospectus of the Company dated January 26, 2022 and available under the Company's profile on SEDAR at www.sedar.com.

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Commodity Price Volatility

The price of various commodities that the Company is exploring for can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals and other minerals. While the Company would benefit from an increase in the value of precious and base metals and other minerals, a decrease in the value of precious and base metals and other minerals could also adversely affect it.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to

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royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

The conflict between Russia and Ukraine could destabilize global markets and threatens global peace

On February 24, 2022, Russian military forces launches a full-scale military invasion of Ukraine. In response, Ukrainian military personal and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. The long-term impact of the conflict and the sanctions imposed on Russia remain uncertain.

Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement

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or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Management

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the business of the Company. The loss of the services 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 management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company and its prospects.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.