

**SILVER BULLET MINES CORP.  
(formerly Pinehurst Capital 1 Inc.)**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2022**

## **SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)**

### **Management Discussion & Analysis**

Year ended June 30, 2022

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#### **Overview**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Silver Bullet Mines Corp. ("Silver Bullet", "SBMI" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2022. 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 consolidated financial statements of the Company for the years ended June 30, 2022 and 2021 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results that may be expected for any future period. The Company is considered as a "Venture Issuer" as defined in NI 51-102.

The Company's consolidated financial statements and the financial data included in the MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are effective as at June 30, 2022 as set forth in Note 3 of the consolidated financial statements.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Silver Bullet's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The MD&A was reviewed and approved by the Board of Directors and is effective as of November 9, 2022.

#### **Forward Looking Information**

Certain information regarding the Company within Management's Discussion and Analysis ("MD&A") may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

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#### **COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. Although management has experienced increased activity as a result of improved interest in the silver sector, travel restrictions imposed by various governments have created somewhat of a slow-down in the ability to transact business as a result of the self-isolating measures. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

#### **Silver Bullet's Business**

The address of the registered office is 200-3310 South Service Road, Burlington, Ontario L7N 3M6. The Company's shares are listed on the TSXV under the trading symbol "SBMI" and trade on the OTCQB market under the symbol "SBMCF".

The Company is a mineral company whose primary focus is the development of the Buckeye Silver Mine located in Arizona, USA and the build out of its gravity fed processing mill also located in Arizona, USA. A secondary focus is the development of the Washington Mine located in Idaho, USA. In addition, the Company owns mineral properties in Arizona and Nevada, USA and former producing mines in Arizona, which it intends to explore/develop in future years.

#### **Corporate History, Background and General Development**

The Company was incorporated on July 13, 2018, as Pinehurst Capital 1 Inc., pursuant to the provisions of the Ontario Business Corporations Act.

On October 15, 2021, the Company acquired all of the issued and outstanding shares of Silver Bullet Mining Inc. in exchange for the issue of common shares to the former shareholders of Silver Bullet Mining Inc. The transaction is accounted for as a reverse-takeover whereby the legal subsidiary being Silver Bullet Mining Inc., is considered the ongoing entity. Concurrent with the transaction, the Company changed its name to Silver Bullet Mines Corp. See Note 5 to the consolidated financial statements for the years ended June 30, 2022 and 2021.

The Company owns 100% of several subsidiary companies, Black Diamond Exploration Inc., Silver Bullet Holdings Inc., Silver Bullet Arizona Inc., and Silver Bullet Idaho Inc. all of which are US incorporated entities.

The Company has not yet achieved commercial production from its Buckeye Silver Mine nor its Washington Mine.

#### **Qualified Person**

Robert Komarechka P. Geo., a Qualified Person under National Instrument 43-101 -Standards of Disclosure for Mineral Projects, has approved the scientific and technical disclosure in this Management Discussion and Analysis

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#### **Going Concern**

The Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete the Company's projects and to fund operating expenses. Development of the Company's current projects to the production stage will require significant financing. Refer to the "Risks and Uncertainties" and "Liquidity and Capital Resources" sections for additional information.

This MD&A incorporates these changes into the analysis provided below.

The Company's mineral exploration and development efforts have not resulted in achieving commercial production to date and, accordingly, the Company is dependent upon debt and/or equity financings, the accommodation of service providers and creditors, and the optioning and/or sale of resource or resource-related assets for its funding.

#### **Mineral Related Property Descriptions**

The Company currently has two mines under development in Arizona, USA and Idaho, USA along with exploration properties in Arizona, USA, and Nevada, USA. A more detailed description of the Company's properties can be found on the Company's website [www.silverbulletmines.com](http://www.silverbulletmines.com).

#### **Buckeye Silver Mine**

The claims which include the Buckeye Silver mines are comprised of three non-contiguous patent mining claims, totaling 47.89 acres (19.40 ha), leased in one agreement to the Company. These patents are: The Buckeye of 15.49 acres (6.27 ha), the Newton of 16.69 acres (6.76 ha), and the Red Robin of 15.71 acres (6.36 ha). All these patents were registered in 1887 as shown on their certificates which state shafts, tunnels, levels and open workings on them. The claims are located in Gila County, Arizona approximately 31 km from Globe, Arizona.

The Buckeye patent is contained geographically within the east central part of the Black Diamond claim block. The Buckeye claim hosts the past producing Buckeye Mine which was re-opened and test mined in 2017 by some members of the current management team through another public company under a lease from the landowners. The Red Robin and Newton patents are both located southwest and outside the Black Diamond claim block. An agreement between the patent holders and SBMI exists on the above three patents. The agreement states that the Lessee (SBMI), holds rights for the purpose of exploration for minerals, and the construction, development and operation of a mine on the property and includes water rights for the property. The lease agreement is subject to increasing annual payments and gross equity return on metal production from the Buckeye property to the lessee of 5%. The effective date of the new agreement for this lease amendment is July 9, 2020. The lease also allows for entry and exploration on the Red Robin and Newton patents; further development on these two patents would be subject to additional terms and agreement with the parties.

The Buckeye patent land is taxed annually, and the tax is the obligation of the landowner. The lease agreement between Silver Bullet and landowner requires payments to the landowner that may be used to cover these

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annual taxes. Lease payments with respect to the lease are disclosed in Note 19 of the audited consolidated financial statements for the years ended June 30, 2022 and 2021.

During the 2022 fiscal year, the Company has carried out significant amount of development work in connection with the Buckeye Silver Mine including the extraction of a bulk sample, as announced in press releases disseminated on January 27, 2022, March 1, 2022, and April 4, 2022 all of which are available at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.silverbulletmines.com](http://www.silverbulletmines.com).

During the 2022 fiscal year, development costs incurred and expensed total \$2,880,253 (2021-\$542,741).

On October 3, 2022, the Company announced that it had discovered significant amounts of palladium and gold and other metals in ore extracted from the Buckeye Silver Mine and is currently reviewing with metallurgical consultants with respect to methodologies to extract the palladium and gold along with the silver from the Buckeye Silver Mine.

**Washington Mine**

The Washington Mine property, located in Boise County, Idaho, USA consists of 118.88 acres (48.11 ha) of patented land and was acquired on December 18, 2020. Historically, the Washington Mine was a high-grade gold property during the late 1800s.

During the 2022 fiscal year, the Company carried out development work in connection with the Washington Mine including the extraction of a bulk sample. Announcements with respect to work carried out and progress related thereto were reported in press releases dated February 14, 2022, March 15, 2022, and May 5, 2022 all of which are available at [www.sedar.com](http://www.sedar.com) or the Company's website [www.silverbulletmines.com](http://www.silverbulletmines.com).

Costs of \$29,549 were incurred during the fiscal 2022 (2021-\$24,348) with respect to the development of the Washington Mine.

There is no NI 43-101 Report in connection with the Washington Mine.

**Black Diamond Property**

The Black Diamond property is located in Gila County, Arizona about ten miles north of the town of Globe and is centred on the mining area referred to as the Richmond Basin. Globe lies approximately 100 miles (160.9 km) east of Phoenix along highway 60. From Globe, the project area can be reached via US Highway 60 west to Globe, then taking Highway 188 North for 12 miles (19.3km) to Horseshoe Bend wash, then following Horseshoe Bend wash for 2 miles (3.2km), then taking Wood Spring wash Road for 7 miles (11.3 km) to the Richmond Basin. Additional Forestry Roads lead to the McMorris mine area to the north and the Buckeye mine area to the south. Access to the property requires a four-wheel drive vehicle with high clearance due to the rugged nature of the roads and steep topography. The total surface distance from Globe to the property by road is approximately 19 miles (30.6 km).

The Black Diamond Property is a 232 Bureau of Land Management (BLM) claim group totalling approximately 4,793 acres (1,940 ha). The claims are in a generally rectangular configuration having an average area of about

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20.66 acres (8.36 ha) a claim. The Black Diamond property comprises several claim groups staked by the previous land holders and new additional staking that now are all consolidated into the Black Diamond Property held by SBMI. The property covers the Richmond Basin mining area and is host to several past producing underground primary silver mines. This area is now referred to as a significant part of the Arizona Silver Belt.

An annual maintenance fee of US\$165 per claim was paid during fiscal 2022 to the Bureau of Land Management (BLM) to keep the claims in good standing. There is no annual fee to Gila County for the BLM claims.

There are no other royalties associated with the Black Diamond Property.

During fiscal 2022, the Company incurred no exploration and evaluation expenses with respect to the Black Diamond Property.

There is a NI 43-101 Report in connection with the Black Diamond property including the Buckeye Mine.

**Nevada Property**

The Nevada property consists of twelve mining claims covering 97.2 ha. The Company currently has no immediate plan to carry out exploration and evaluation activities on the property. An annual maintenance fee of US\$165 per claim was paid during fiscal 2022 to the Bureau of Land Management (BLM) to keep the claims in good standing.

There is no NI 43-101 Report in connection with the Nevada property.

**Mill Property**

The property consists of 69.87 acres (28.28 ha) of patented land located near Globe, Arizona and was acquired on February 3, 2021. The Company's processing mill and assay lab are situated on this property.

The mill is a 125 MTPD Modular High Efficiency Gravity Mill. The plant is modular in construction and consists of ore bins, a crusher, conveyors, a ball mill, slurry pumps, concentrators, dewatering screws, and other miscellaneous equipment. Water required to operate the mill comes from a well on the property and is recycled following the milling process. Additional information on the mill can be found at the Company's website at [www.silverbulletmines.com](http://www.silverbulletmines.com).

The processing mill and assay lab were constructed during fiscal 2022 and the mill was commissioned subsequent to June 30, 2022.

**Selected Annual Information**

	2022	2021	2020
	\$	\$	\$
Loss for the year	6,072,281	1,868,767	3,600,124
Loss per share basic and fully diluted	(0.11)	(0.06)	(0.19)
Total assets	3,620,329	5,125,081	2,085
Total long-term liabilities	273,970	230,127	-

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**Selected Quarterly Financial Information**

The following table sets out the selected financial information for the three months ended:

	<b>June 30, 2022</b>	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>	<b>Sept 30, 2021</b>
Total assets	\$ 3,620,329	\$ 5,518,134	\$ 3,345,120	\$ 4,220,526
Working capital	\$ 266,100	\$ 2,157,687	\$ 842,474	\$ 2,520,844
Net loss for the period	\$ 2,460,766	\$ 481,029	\$ 2,190,575	\$ 939,911
Loss per share	\$ 0.04	\$ 0.01	\$ 0.04	\$ 0.02

	<b>June 30, 2021</b>	<b>Mar 31, 2021</b>	<b>Dec 31 2020</b>	<b>Sept 30, 2020</b>
Total assets	\$ 5,125,081	\$ 2,289,705	\$ 978,064	\$ 186,434
Working capital	\$ 3,614,908	\$ 720,150	\$ (880,735)	\$ (76,728)
Net loss for the period	\$ 632,125	\$ 384,825	\$ 384,825	\$ 59,698
Loss per share	\$ 0.01	\$ 0.02	\$ 0.00	\$ 0.00

Silver Bullet Mines Corp. reported no discontinued operations and declared no dividends for any period presented.

The quarter ended September 30, 2020 reflected minimal activity prior to significant third party financing. Loss for the period consisted of general and administrative expenses including legal fees. The quarter ended December 31, 2020, reflects an increase in asset, mostly cash and prepaid expenses related to the acquisition of equipment. Working capital deficit reflects the inclusion of convertible promissory notes which were the primary source of financing during the period. Total assets for the period ending March 31, 2021 reflect cash from private placement, acquisition of land in Idaho, and prepaid expenses and deposits in connection with the acquisition of equipment. Loss for the period include general and administrative expenses and development expenses related to the Buckeye Silver Mine. Total assets and working capital for the period ended June 30, 2021 reflects additional funds from private placement financing as well as equipment and deposits on equipment in connection with the mill. Loss includes development expense relate to the Buckeye Silver Mine as well as general and administrative expenses including legal and accounting fees related to the reverse acquisition transaction which was completed at a later date.

Total assets and working capital for the period ended September 30, 2021 continue to reflect the results of private placement financing and prepaid expense related to the reverse acquisition transaction and deposits on additional equipment. Loss for the period includes development costs in connection with the Buckeye Silver Mine and general and administrative expenses including costs in connection with the pending reverse acquisition

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transaction. The trend continued for the period ended December 31, 2021 with respect to total assets and working capital. Loss for the period included development expenses related to the Buckeye Silver Mine, general and administrative expenses and a one-time non-cash expense of \$1.1 million for listing expense in connection with the reverse acquisition transaction completed in October 2021. The period ended March 31, 2022 includes an increase in assets related to a private placement financing, acquisition of land in Arizona on which the mill is situated, and additional equipment for the Company's mill. Loss for the period included general and administrative expenses and development expenses related to the Buckeye Silver Mine and the Washington Mine in Idaho. Certain expenditures related to the Buckeye Silver Mine were capitalized during the period and expensed in Q4 in the amount of approximately \$350,000. Loss for the quarter ended June 30, 2022 include the amount previously capitalized related to the Buckeye Silver Mine as well as a non cash expense in the amount of \$485,000 related to stock option revaluation in connection with the reverse acquisition transaction. Total assets include mill equipment, land, cash and other miscellaneous assets.

### **Results of Operations**

Operations during the year ended June 30, 2022 were focused on development of the Buckeye Silver Mine, construction of the Company's gravity fed processing mill, and the development of the Washington Mine.

Loss for the year ended June 30, 2022 was \$6,072,281 which was a loss of \$0.11 per share on both a basic and fully diluted basis. Loss for the year ended June 30, 2021 was \$1,890,441.

There were several administrative expenses with significant variances from fiscal 2021, including mineral property development expense, general and administrative expense, accretion expense, listing expense, and share based compensation.

Mineral property development expense variance resulted from labour costs associated with the construction of the mill and development costs of the Buckeye Silver Mine and the Washington Mine. The Company expenses all mine development costs as it has not conducted a preliminary economic estimate for either of the mines resulting in no basis over which to capitalize and amortize costs associated with development of its mines.

The variance in general and administrative expense resulted from increase in management expense of \$165,000 over fiscal 2021 as a result of additional management personal, increase in investor relations and investor communication costs of \$327,000 over fiscal 2021 as a result of the Company's publicly listed status and additional interaction with investors, increase in transfer agent and filing fees of \$54,000 over fiscal 2021 related to annual general meeting held in June 2022 and increase activity related to private placements, increase in interest related expense of \$67,000 over fiscal 2021 primarily as a result of an interest penalty in the amount of \$63,000 related to a holder of a promissory note. In addition, insurance expense was \$18,000 higher than fiscal 2021 as a result of Directors and Officers liability insurance and general liability insurance coverage during fiscal 2022.

Accretion expense which includes amounts related to note payable for fiscal 2022 and to note payable and convertible promissory notes which were converted to equity during fiscal 2021.



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Listing expense results from the deemed amount paid for net assets less the carrying value of those assets at the date of the reverse acquisition. See Note 5 to the audited consolidated financial statements for the year ended June 30, 2022.

Share-based compensation variance results from the IFRS requirement that options outstanding at the date of the reverse acquisition must be revalued on that date. The revaluation resulted in a non-cash amount of \$485,000 for fiscal 2022. Share-based expense related to options granted during the year was \$105,613. See Note 14 to the audited consolidated financial statements for the year ended June 30, 2022. These items are non-cash expenses.

The Company also incurred non-cash depreciation expense for fiscal 2022 with no comparable amount for 2021.

**Fourth Quarter**

Expenses incurred during the fourth quarter 2022 included ongoing development costs related to the Buckeye Silver Mine and a non-cash adjustment to the valuation of stock options in the amount of \$485,000. In addition, ongoing development costs were incurred in connection with the Buckeye Silver Mine, and general and administrative expenses reflecting the nature of the Company's activities.

Expenses incurred during fourth quarter 2021 reflect preliminary development costs related to the Buckeye Silver Mine as well as general and administrative costs in connection with the reverse acquisition transaction.

**Financing and Investing Activities**

Financing activities

During the year ended June 30, 2022, the Company issued 6,797,258 units at \$0.40 per unit for gross proceeds of \$2,798,104. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.60 for a period of twenty-four months from the date of issue. In addition, the Company issued 453,333 units at \$0.30 for gross proceeds of \$136,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.50 for a period of twenty-four months from the date of issue.

Cash costs related to financing activities totalled \$88,797. In addition, 179,130 finders' warrants were issued with an estimated fair value of \$41,034.

The Company also issued 166,666 common shares for cash proceeds of \$35,715 in connection with the exercise of stock options.

Investing activities

During the year ended June 30, 2022, the Company invested \$1,548,730 in equipment and infrastructure in connection with the mill, and \$392,223 in movable equipment.

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Subsequent events

On July 12, 2022, the Company issued 236,000 common shares to extinguish accounts payable and accrued liabilities of \$70,800.

On August 9, 2022, the Company issued a convertible debenture with a face value of \$650,000 and received cash proceeds of \$650,000. The debenture bears interest at 8% per annum and is convertible into 2,166,667 units at \$0.30 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.35 per share for a period of forty-eight months from the date of the issue of the debenture.

On October 21, 2022, the Company announced a private placement financing in the amount of 3,000,000 units at \$0.20 per unit for gross proceeds of \$600,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.30 for a period of twenty-four months from the date of issue.

As of the date of this MD&A, the Company has issued 2,235,000 units in connection with the private placement and has incurred cash costs of \$16,800 and issued 84,000 broker warrants.

**Liquidity and Capital Resources**

This section should be read in conjunction with the audited consolidated financial statements for the years ended June 30, 2022 and 2021, and the corresponding notes thereto.

The Company has total assets of \$3,620,329 (June 30, 2021-\$5,125,081). The Company's current assets total \$530,121 (June 30, 2021-\$3,983,843), current liabilities total \$264,021 (June 30, 2021-\$368,935) giving rise to working capital of \$266,100 (June 30, 2021-\$3,614,908).

The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, generate enough funds and/or continue to obtain enough capital from investors to meet its current and future obligations. The recoverability of amounts shown for property and equipment is dependent on future profitable operations or proceeds from disposition of mineral interests. As a result of these risks, there is material uncertainty which may cast significant doubt as to the appropriateness of the going concern assumption. There can be no assurance that the steps management is taking will be successful. These audited consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$11,550,050 (June 30, 2021-\$5,490,565).

The Company's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions without incurring unacceptable losses, relinquishment of properties or risking harm to the Company's reputation.

The discovery, development and acquisition of mineral properties are unpredictable events. Future metal prices, the success of exploration programs and other property transactions can have a significant impact on capital

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requirements. The Company expects to receive income from its Buckeye Silver Mine and its Washington Mine during the next fiscal year. Should the Company decide to further develop any of its properties, the Company may fund its capital requirements by arranging further equity financing, issuing long-term debt, selling royalties, arranging joint ventures with other companies, or through a combination of the above. The Company may also consider the sale of certain non-core properties in order to raise additional capital.

#### Proposed Transactions

The Company has no material proposed transactions other than those in the normal course of business.

#### Additional Disclosure for Venture Issuers Without Significant Revenue

##### *Exploration and evaluation expenditures and development costs*

The Company's policy is to expense exploration and evaluation expenditures. The Company expenses all mine development costs as it has not conducted a preliminary economic estimate for either of the mines resulting in no basis over which to capitalize and amortize costs associated with development of its mines.

Development costs for Buckeye Silver Mine and related activity:

Personnel	\$1,910,000
Materials and supplies	\$1,009,581

##### *General and administration expenses*

Significant components of general and administrative expenses include:

Management expense	\$397,500
Investor communications	\$337,000
Consultants	\$ 81,000
Interest and bank charges	\$ 82,000
Transfer agent and filing fees	\$ 54,000
Other	\$ 90,677

*Any material costs, whether expensed or capitalized as assets, not included in the above.*

The Company does not have any material costs not included in items above other than listing expense resulting with respect to the reverse acquisition transaction. Details of the transaction are included in Note 5 to the consolidated financial statements for the year ended June 30, 2022.

#### Critical Accounting Estimates and Judgements

The preparation of the audited consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ

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from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Determination of functional currency.
- Selection of inputs used in determining fair value of share-based compensation.
- Determination of provisions and contingencies.
- Title to mineral property interests.
- Commercial production
- Income, value added, withholding and other taxes.
- Impairment of non-financial assets; and
- Selection of inputs used in determining carrying values of non-interest bearing note payable.

#### Adoption of new accounting standards

There are several new, but not yet effective Standards and amendments to existing Standards, and Interpretations which have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact to the Company's financial statements

#### New standards, interpretations and amendments not yet effective

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended 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 and 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 amendments are effective for annual periods beginning on January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

IFRS 3 – Business Combinations (“IFRS 3”) was amended to introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are

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effective for annual periods beginning on January 1, 2022. The Company does not anticipate the adoption of this amendment will have a material change on current practice.

IAS 37-Provisions, Contingent Liabilities and Contingent Assets was amended to clarify the guidance regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' and clarifies that costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company is assessing the impact the amendments will have on current practice.

IAS-16 Property, Plant and Equipment was amended prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (i.e. pre-production revenue). Instead, a company will recognize such sales proceeds and related cost in the consolidated statement of comprehensive income (loss). The amendment is effective for annual periods beginning on or after January 1, 2022. The Company is currently assessing the impact from this amendment on the consolidated financial statements as a result of the initial application.

### Financial Instruments and Risk Management

#### Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments at	June 30, 2022	June 30, 2021
Financial Assets-amortized cost		
Cash and cash equivalents	\$ 284,850	\$3,505,402

**SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)****Management Discussion & Analysis**

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Miscellaneous receivables	78,313	206,756
Financial liabilities-amortized cost		
Accounts payable and accrued liabilities	\$ 264,021	356,935
Share subscription payable	-	12,000
Note payable	273,970	230,127

The fair values of all the Company's financial instruments approximate the carrying value due to the short term nature of the financial instruments except for the Note payable which is long-term in nature. Interest rates did not significantly change and the fair value of the note payable approximates it's carrying amount. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**Credit Risk**

Cash consists of bank balances and short-term deposits maturing in one year or less. The Company manages the credit risk related to short-term investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding investment vehicles with higher risks.

The carrying amount of miscellaneous receivables and cash represents the maximum credit exposure. The credit risk associated with miscellaneous receivables is minimized as they are receivable substantially from a government agency.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

The following table summarizes the Company's contractual maturities and the timing of cashflows as at June 30, 2022. The amounts presented are undiscounted contractual cash flows and may not agree with the carrying amounts in the consolidated financial statements.

	<b>Up to 1 year</b>	<b>1 to 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 264,021	\$ -	\$ 264,021
Note payable	-	322,150	322,150
<b>Total</b>	<b>\$ 264,021</b>	<b>\$ 322,150</b>	<b>\$ 586,171</b>

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## Market Risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices, and interest rates and liquidity will affect the Company's value of financial instruments. The objective of market risk management is to mitigate risk exposures within acceptable limits, while maximizing returns.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no variable rate interest-bearing outstanding debt. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

## Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is low as the Company is not yet a producing entity.

## Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain transactions are denominated in United States dollars.

Should the Canadian dollar strengthen or weaken 10% vis-à-vis the United States currency, then a translation gain or loss of approximately \$23,000 (2021-\$28,000) would arise and would be recorded as a current expense.

The table shows the balances held in foreign currencies:

June 30, 2022	USD \$	CAD \$
Cash and cash equivalents	1,700	2,190
Prepays and deposits	74,464	94,871
Accounts payable and accrued liabilities	45,513	57,764
Note payable	208,826	273,970
Net exposure	(178,175)	(234,673)

June 30, 2021	USD \$	Equivalent CAD \$
Cash and cash equivalents	258,311	320,151
Prepays and deposits	247,062	313,871

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Accounts payable and accrued liabilities	100,246	122,695
Note payable	185,676	230,127
Net exposure	219,451	281,200

## Commodity and equity risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain precious and base metals. Precious and base metals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

## U.S. Taxation

The Company, as a result of the acquisition of its wholly owned subsidiary Black Diamond Exploration Inc., will be treated as a U.S. corporation for U.S. federal income tax purposes and therefore a U.S tax resident and subject to U.S. federal income tax on its worldwide income.

The Company believes that it is, and will remain for the foreseeable future, a "U.S. real property holding corporation" for U.S. federal income tax purposes. As a result, under the Foreign Investment in Real Property Tax Act ("FIRPTA") certain non-U.S. investors may be subject to U.S. federal income tax on gain from the disposition of shares of the Company's common shares, in which case they would also be required to file U.S. tax returns with respect to such gain and may be subject to a withholding tax with respect to a disposition of the Company's shares. In general, whether these FIRPTA provisions apply depends on the amount of the Company's common shares that such non-U.S. investors hold and whether, at the time they dispose of their shares, the Company's common shares are regularly traded on an established securities market within the meaning of the applicable Treasury Regulations. So long as the Company's common shares continue to be regularly traded on an established securities market, only a non-U.S. investor who has held, actually or constructively, more than 5% of the Company's common shares at any time during the shorter of (i) the five-year period ending on the date of disposition, and (ii) the non-U.S. investor's holding period for its shares, may be subject to U.S. federal income tax on the disposition of the Company's common shares under FIRPTA.



## **SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)**

### **Management Discussion & Analysis**

Year ended June 30, 2022

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#### **Capital Management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

#### **Related Party Transactions**

##### **Key Management**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors of the Company and/or their holding companies.

Key management had the following transactions with the Company:

- Compensation that was paid or payable to key management in the amount of \$646,877 (June 30, 2021-\$242,500)
- Share-based compensation totalling \$105,623 (2021-\$337,000) was granted to key management during the year.

During the years ended June 30, 2022 and 2021, Silver Sevens Exploration LLC, an entity controlled by the Company's Vice President Mining, provided administrative services to facilitate payments along with providing sub-contract labour to the Company. For the year ended June 30, 2022, development costs paid to Silver Sevens Exploration LLC in connection with the Company's mineral properties \$2,792,231 (June 30, 2021-\$470,951).

Included in accounts payable and accrued liabilities is an amount of \$41,497 (June 30, 2021-\$12,255) owing to officers of the Company. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

##### **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, capital expenditures and capital resources that would be material to investors.

## SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)

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Year ended June 30, 2022

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#### Share Data

As of June 30, 2022, the Company has 62,421,962 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 3,428,571 common shares expiring between September 30, 2025 and January 5, 2027 and exercisable at \$0.30 per common share; and (b) common share purchase warrants to purchase an aggregate of 17,528,128 common shares expiring between February 6, 2023 and March 30, 2024 and exercisable at prices between \$0.30 and \$0.60 per common share.

For additional details of share data, please refer to Notes 13, 14, and 15 of the June 30, 2022 audited consolidated financial statements.

As of the date of this MD&A, the Company has 64,892,962 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 3,428,571 common shares expiring between September 30, 2025 and January 5, 2027 and exercisable at \$0.30 per common share; and (b) common share purchase warrants to purchase an aggregate of 19,763,128 common shares expiring between February 6, 2023 and November 2, 2024 and exercisable at prices between \$0.30 and \$0.60 per common share.

In addition, there are 587,299 broker warrants outstanding exercisable at \$0.50 per share and expire between February 6, 2023 and June 29, 2023, and 179,130 broker warrants outstanding exercisable at \$0.60 per share and expire between February 18, 2024 and November 2, 2024.

#### Stock Options

The Company has a formal stock option plan under which it is authorized to grant options to directors, officers, employees, and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified.

Vesting terms and conditions are determined by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements.

The number of stock options outstanding at June 30, 2022 is summarized as follows:

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	Number Of <u>Options</u>	Weighted Average <u>Exercise Price</u>
Balance, June 30, 2021	3,000,000	0.30
Options granted	428,571	0.30
Options assumed on reverse acquisition	233,333	0.213
Options exercised	(166,666)	0.213

**SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)****Management Discussion & Analysis**

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Options expired	(66,667)	0.213
Balance, June 30, 2022	3,428,571	0.30

The outstanding options expire as to 3,000,000 on September 30, 2025 and 428,571 on January 5, 2027. At June 30, 2022 the 3,428,571 options have a weighted average life remaining of 3.41 years.

**Warrants**

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2021	10,503,189	\$ 0.46
Issued during the year	226,671	\$ 0.50
Issued during the year	6,797,258	\$ 0.60
Balance June 30, 2022	17,527,118	\$ 0.51

The following warrants are outstanding at June 30, 2022:

Number of warrants	Exercise price per warrant	Expiry date
700,638	\$0.50	February 6, 2023
931,629	\$0.50	February 26, 2023
157,778	\$0.30	February 26, 2023
337,333	\$0.30	March 5, 2023
100,000	\$0.50	March 5, 2023
1,706,667	\$0.30	March 25, 2023
768,691	\$0.50	March 25, 2023
1,884,824	\$0.50	April 5, 2023
1,306,000	\$0.50	April 19, 2023
425,000	\$0.50	May 6, 2023
578,334	\$0.50	May 28, 2023
442,501	\$0.50	June 14, 2023
1,163,794	\$0.50	June 19, 2023
226,671	\$0.50	July 8, 2023
1,910,000	\$0.60	February 18, 2024
2,025,188	\$0.60	March 11, 2024
2,862,070	\$0.60	March 30, 2024
17,527,118		

In addition, there are 503,299 broker warrants outstanding exercisable at \$0.50 per share and expire between February 6, 2023 and June 29, 2023, and 179,130 broker warrants outstanding exercisable at \$0.60 per share and expire between February 18, 2024 and March 30, 2024.

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**SEGMENTED INFORMATION**

The Company operates in one segment being the acquisition, exploration and development of exploration and evaluation properties. The Company has exploration and evaluation properties located in two geographical areas, Canada, and the United States of America.

As at June 30, 2022	Canada	United States	Total
Current assets	\$ 530,121	\$ -	\$ 530,121
Property, mill and equipment	-	3,090,208	3,090,208
Total assets	\$ 530,121	\$ 3,090,208	\$ 3,620,329
Total liabilities	\$ 537,991	\$ -	\$ 537,991

As at June 30, 2021	Canada	United States	Total
Current assets	\$ 3,983,843	\$ -	\$3,983,843
Property, mill and equipment	1,141,238	-	1,141,238
Total assets	\$ 5,125,081	\$ -	\$ 5,125,081
Total liabilities	\$ 599,062	\$ -	\$ 599,062

**Legal Proceedings**

To the knowledge of the Company, there are no actual or pending legal proceedings to which the Company is or is likely to be a party or of which any of its assets are likely to be subject.

**Risks and Uncertainties****Liquidity and Additional Financing**

The Company has limited financial resources and no sources of revenues and has no assurance that additional funding will be available to it to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

**Reliance on Key Personnel**

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

**SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)**

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Dilution

The Company may require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

**Commitments and Contingencies**

Environmental Contingencies

The Company's exploration activities are subject to various international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Buckeye Lease Agreement

The Buckeye Silver Mine is subject to a lease agreement effective July 9, 2020 under which the Company is obligated to make lease payments on July 9<sup>th</sup> each year through 2036. The annual lease payments in US dollars are:

Payment Date	USD
July 9, 2023	50,000
July 9, 2024	55,000
July 9, 2025	60,000
July 9, 2026	65,000
July 9, 2027	70,000
Thereafter	<u>715,000</u>
	<u>1,015,000</u>

Lease payments from July 9, 2030 onward are payable at market rates to be negotiated which have been estimated at \$80,000 USD per annum based on the immediately preceding period. The lease payment for July 9, 2022 was prepaid.

**Management's Responsibility for Financial Information**

The Company's financial statements and other information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with International Financial Reporting

**SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)**

**Management Discussion & Analysis**

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Standards (IFRSs) and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

The Company maintains internal control systems designed to ensure that financial information is relevant and reliable and that assets are safeguarded.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

**Additional Information**

Additional information relating to our Company is available for viewing on the SEDAR website at <http://www.sedar.com>.