SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

Management's Discussion & Analysis

For the Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

Set out below is a review of the activities, results of operations, and financial condition of Silver Predator Corp. ("SPD") and its subsidiary for the year ended December 31, 2025. The discussion below should be read in conjunction with SPD's December 31, 2025 audited consolidated financial statements and related notes, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included in the following Management's Discussion and Analysis are in Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis is prepared as of February 23, 2026.

SPD is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange under the trading symbol SPD.

Additional information related to SPD, including its Annual Information Form, is available on the System for Electronic Document Analysis and Retrieval Plus ("SEDAR +") at www.sedarplus.ca. SPD's website is www.silverpredator.com.

BACKGROUND AND CORE BUSINESS

SPD was incorporated under the laws of the Province of British Columbia on May 16, 2006.

SPD owns and controls the Copper King copper-silver project ("Copper King") in the world class Coeur d'Alene Silver District of northern Idaho, U.S. and other early-stage exploration properties in the U.S. The Copper King project targets strata-bound and/or vein style copper-silver deposits similar to those found in the area.

On July 18, 2025, Silver Storm Mining Ltd. (TSXV:SVRS) ("Silver Storm") completed a transaction to acquire all the issued and outstanding common shares of former SPD majority shareholder Till Capital Corporation. As of December 31, 2025, SPD is 51.82% owned by Silver Storm.

CORPORATE DEVELOPMENTS, SIGNIFICANT TRANSACTIONS, AND FACTORS AFFECTING RESULTS OF OPERATIONS

Drilling program at Copper King

An exploration drilling program was conducted from two locations on the Copper king property between June and October 2024. Drill pad construction at sites near the southern and middle portions of the property allowed diamond core drilling to test favorable stratigraphic horizons in both upper and lower Revett Formation for both bedded (disseminated) and vein-style copper-silver-lead-zinc mineralization. Secondary targets are also recognized in the overlying St Regis Formation. Similar bedded deposits have been mined in Montana at the Troy deposit, while larger bedded deposits are in the permitting phase at Montanore and Rock Creek near Noxon, Montana. Many examples of historic and modern vein mines in the Coeur d' Alene District occur in the immediate vicinity of the property and include the nearby Lucky Friday Mine.

SPD geologists and the drill contractor completed core holes CK-1 and CK-2 to depths of 2,800 ft (853.4 m) and 1,477 ft (450.2 m) respectively. CK-1 was completed with HQ-sized core, while CK-2 began with HQ and reduced to NQ due to challenging ground conditions. As each hole was logged, SPD geologists were able to visually delineate multiple mineralized horizons in CK-1, while similar stratigraphic horizons in CK-2 displayed only anomalous mineralization. Multi-element ICP analysis shows good correlation with historically mapped and sampled horizons in Revett exposed at surface to the east of this recent drilling.

Drill results from the 2024 Copper King program did not encounter adequate copper or silver grades to support underground bulk-style mining of the bedded horizons, or vein intercepts with the required combination of size and grade. The best bedded interval was found in CK-1 at the base of the St Regis Formation with a true thickness estimated at 7.4 feet grading 20.75 ppm silver and 0.275% copper. The best vein was a thin 1.1 inch (true thickness) veinlet that carried a 3.0 sample interval at 64.1 ppm silver and 4.2% lead; that veinlet was found in the lower Revett in CK-1. Although multiple weakly mineralized horizons were found in CK-2, none were significant enough to report in SPD's December 10, 2024 news release on the Copper King

drilling. Results from mapping and drilling are currently being used to project further targets at Copper King, although SPD has not made any formal plans for additional drilling.

Sale of the Taylor property

In November 2022, SPD's wholly-owned subsidiary Silver Predator US Holding Corp. ("SPUS") and White Pine Precious Metals Inc. ("WPPM"), a privately held Ontario-based company, signed a Definitive Purchase Agreement (the "Purchase Agreement") for WPPM to acquire the Taylor property.

The closing occurred on January 27, 2023. Taylor's assets were transferred to WPPM and SPUS received $1,149,625 (US$850,000) in cash, a promissory note for $1,184,138 (US$875,000) due July 27, 2024 with an annual interest of 2.88% compounding quarterly, and 631,034 common shares of WPPM representing 5% of the issued and outstanding common shares of WPPM on a basic, non-diluted basis. As per the Purchase Agreement, SPUS continued to receive additional shares to meet the 5% ownership requirement until WPPM reaches an equity capitalization of US$5 million. During 2023, SPUS received 1,867,113 additional shares of WPPM to maintain ownership of 5% of the issued and outstanding shares of WPPM. At December 31, 2023, WPPM's equity capitalization reached US$5 million, and therefore, SPUS would receive no further shares as part of the Purchase Agreement. A gain of $285,272 from the sale of Taylor was recorded in the year ended December 31, 2023.

On December 29, 2023, the promissory note was amended and restated. Under the terms of that amendment, the unpaid principal balance and all accrued interest on the principal balance are due and payable on or before July 27, 2025. Interest is accrued at an annual rate of 2.88% compounding quarterly through July 27, 2024. A principal payment of US$400,000 is due and payable on July 27, 2024. From July 28, 2024 to July 27, 2025, interest on the remaining balance is accrued at a rate of 12% per annum and paid in cash monthly. A principal payment of US$256,744 is due and payable on January 27, 2025, and the remaining principal balance is due and payable on July 27, 2025.

On July 26, 2024, a principal payment of $544,159 (US$400,000) was received. Total interest of $38,930 was received from August 2024 and December 2024.

On January 24, 2025, WPPM and SPUS amended the terms of the promissory note. Under the terms of that amendment, the unpaid principal balance and all accrued interest on the principal balance are due and payable on or before January 27, 2026. A principal payment of US$256,744 is due and payable on July 25, 2025, and the remaining principal payment is due and payable on January 27, 2026. Other terms remain the same. The amendment was assessed to be a modification under IFRS 9 with a loss on modification of $17,805 recorded during the year ended December 31, 2025.

On July 24, 2025, a principal payment of $349,942 (US$256,744) was received. On December 10, 2025, the final principal payment of $371,515 (US$256,744) was received. For the year 2025, total interest of $65,755 on the promissory note was received. The promissory note was fully paid as of December 10, 2025.

OUTLOOK

With funds received from the sale of the Taylor property, SPD completed a drill program on Copper King property and is evaluating other targets at Copper King.

FINANCIAL HIGHLIGHTS

	2025	2024	2023
Net income (loss)	$ (145,539)	$ 91,763	$ 208,645
Basic and diluted net income (loss) per share	$ (0.00)	$ 0.00	$ 0.01
Total assets	$ 4,544,497	$ 4,775,845	$ 3,925,127

SPD reported net loss of $168,939 in 2025 compared to net income of $91,763 in 2024 due primarily to having no deferred income tax recovery in 2025 ($111,930 in 2024) and lower interest income because of lower promissory note balance in 2025 compared to 2024.

SPD reported net income of $91,763 in 2024 compared to $208,645 in 2023. The lower net income was due primarily to the absence of 2023's $285,727 gain on the sale of Taylor, partially offset by $111,930 in deferred income tax recovery, and higher interest income and lower operating expenses in 2024 compared to 2023.

Total assets in 2024 increased compared to 2023 due primarily to the increase in the value of shares of WPPM and the increase in value of the US dollar as compared to the Canadian dollar.

	2025				2024			
	Oct - Dec 2025	Jul - Sep 2025	Apr - Jun 2025	Jan - Mar 2025	Oct - Dec 2024	Jul - Sep 2024	Apr - Jun 2024	Jan - Mar 2024
Net loss from operating activities	$ (64,381)	$ (53,821)	$ (37,876)	$ (100,310)	$ (52,274)	$ (41,127)	$ (42,164)	$ (72,849)
Foreign exchange gain (loss)	328	345	(1,135)	1,449	72	(946)	(101)	251
Interest income and other income/expense, net	18,358	26,895	32,368	8,883	30,203	25,430	66,523	66,856
Net income (loss) before income tax	$ (45,695)	$ (26,581)	$ (6,643)	$ (89,978)	$ (21,999)	$ (16,643)	$ 24,258	$ (5,742)
Income tax recovery (expense)	23,400	(42)	-	-	111,930	(41)	-	-
Net income (loss) after income tax	$ (22,295)	$ (26,623)	$ (6,643)	$ (89,978)	$ 89,931	$ (16,684)	$ 24,258	$ (5,742)
Foreign currency translation adjustment	(68,575)	92,481	(239,573)	(8,228)	284,959	(62,189)	38,519	96,701
Gain (loss) on investments, net of tax	46,600	10,000	98,334	(5,000)	(101,741)	(7,659)	8,747	513,684
Comprehensive income (loss)	$ (44,270)	$ 75,858	$ (147,882)	$ (103,206)	$ 273,149	$ (86,532)	$ 71,524	$ 604,643
Basic and diluted net income (loss) per share	($0.00)	($0.00)	($0.00)	($0.00)	$0.00	($0.00)	$0.00	($0.00)
Total assets	$4,544,497	$4,599,262	$4,537,398	$4,689,411	$4,775,845	$4,480,819	$4,570,122	$4,556,652
Total non-current financial liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Higher net loss from operating activities in the first quarter of 2025 was due primarily to higher professional and consulting fees.

Interest and other income were primarily interest on the promissory note from WPPM from the sale of the Taylor property and interest earned on cash and cash equivalents.

Income tax recovery and higher loss on investments, net of tax, in other comprehensive income (loss) in the fourth quarter 2024 were due primarily to recording the tax effect of the gain on investments in 2024.

Higher foreign currency translation adjustment loss in other comprehensive income (loss) in the second quarter of 2025 was due to the decrease in value of the US dollar as compared to the Canadian dollar. Higher foreign currency translation adjustment gain in other comprehensive income (loss) in the fourth quarter of 2024 was due to the increase in value of the US dollar as compared to the Canadian dollar. SPD had cash and cash equivalent, promissory note receivable, and WPPM shares in US dollar.

Higher gain on investments in other comprehensive income (loss) in the first quarter of 2024 was primarily a result of the increase in the value of shares of WPPM from US$0.10 per share to US$0.25 per share.

Results of operations for the three months ended December 31, 2025

Net loss for the three months ended December 31, 2025 was $22,295 (three months ended December 31, 2024 – net income of $89,931). Significant items contributing to the increase in net loss of $112,226 are as follows:

- Deferred income tax recovery decreased by $88,530 to $23,400 in the three months ended December 31, 2025 (three months ended December 31, 2024 - $111,930) due to less increase in the value of investments.

- General and administrative expenses increased by $13,864 to $19,137 in the three months ended December 31, 2025 (three months ended December 31, 2024 - $5,273) due primarily to higher IT related expenses.

- Interest and other income decreased by $11,845 to $18,358 in the three months ended December 31, 2025 (three months ended December 31, 2024 - $30,203) due primarily to less interest income from the promissory note receivable.

Results of operations for the year ended December 31, 2025

Net loss for the year ended December 31, 2025 was $145,539 (year ended December 31, 2024 – net income of $91,763). Significant items contributing to the increase in net loss of $237,302 are as follows:

- Interest and other income decreased by $102,508 to $86,504 in the year ended December 31, 2025 (year ended December 31, 2024 - $189,012) due primarily to less interest income from the promissory note receivable.

- Deferred income tax recovery decreased by $88,530 to $23,400 in the year ended December 31, 2025 (year ended December 31, 2024 - $111,930) due to less increase in the value of investments.

- Professional and consulting fees increased by $24,519 to $204,771 in the year ended December 31, 2025 (year ended December 31, 2024 - $180,252) due primarily to the timing of the audit fee. The 2024 audit was performed during the first quarter of 2025 due to the change of auditor in the fourth quarter of 2024 while part of the 2023 audit was performed and paid in the fourth quarter of 2023.

- General and administrative expenses increased by $23,455 to $51,617 in the year ended December 31, 2025 (year ended December 31, 2024 - $28,162) due primarily to higher IT related expenses and higher insurance expense.

Cash flows for the year ended December 31, 2025

The cash balance at December 31, 2025 was $921,213 (December 31, 2024 - $502,136).

Cash outflows from operating activities increased $191,500 to $322,198 (year ended December 31, 2024 – $130,698) due primarily to increased operating expenditures primarily in professional and consulting fees, IT related expenditure, and insurance cost.

Cash inflows from investing activities increased $1,082,040 to $739,855 (year ended December 31, 2024 - outflows of $342,185) due primarily to lower exploration and evaluation costs and higher proceeds from the promissory note receivable payments.

Financial position

Cash increased by $419,077 to $921,213 as of December 31, 2025 (December 31, 2024 - $502,136) due primarily to the promissory note receivable principal and interest payments partly offset by operating expenditures.

Promissory note receivable decreased by $731,098 to $nil as of December 31, 2025 (December 31, 2024 - $731,098). The promissory note receivable was fully paid in December 2025.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated statements of financial position have been prepared assuming SPD will continue on a going concern basis, will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For the year ended December 31, 2025, SPD reported net cash outflow from operating activities of $322,198 and, as of that date, had a net working capital balance of $945,046 and an accumulated deficit of $35,361,543.

OUTSTANDING SHARE DATA

At the date of this report, SPD has 35,390,745 issued and outstanding common shares and no outstanding stock options and warrants.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those people who have authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Board and the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the year ended December 31, 2025, SPD incurred expenses of $33,547 (US$24,000) (year ended December 31, 2024 - $28,766 (US$21,000)) to its CEO as compensation for services received. During the year ended December 31, 2025, SPD incurred expenses of $38,101 (US$27,258) (year ended December 31, 2024 - $nil) to its CFO as compensation for services received. As of December 31, 2025, $7,490 (US$5,465) included in the accounts payable is due to CFO (year ended December 31, 2024 - $21,729 (US$15,101) due to a director).

Other

Amounts paid to related parties were incurred in the normal course of business. Until mid-July 2025, SPD was party to a service agreement with a subsidiary of Silver Storm whereby SPD received accounting and corporate communications services on a cost-plus recovery basis. During the year ended December 31, 2025, SPD was charged $44,762 (US$32,500) (year ended December 31, 2024 - $82,188 (US$60,000)) for those services.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2025, SPD had no off-balance sheet arrangements or any obligations that trigger material financing, liquidity, market, or credit risk to SPD.

ACCOUNTING POLICY JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in accordance with IFRS requires management to exercise judgment in applying SPD's accounting policies. Those judgments are based on management's best knowledge of the relevant facts and circumstances considering previous experience; however, actual results may differ from the amounts included in the accompanying audited consolidated financial statements.

The areas of judgments that have the most significant effect on the amounts recognized in the accompanying audited consolidated financial statements are:

Impairment indicator assessment of mineral properties

SPD follows the guidance of IFRS 6, *Exploration for and Evaluation of Mineral Resources,* to determine when a mineral property asset is impaired. That determination requires significant judgment. The impairment indicators considered by management include: (i) the period during which SPD or its subsidiary has the right to explore in the area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned; (iii) a decision to discontinue exploration and evaluation in an area; and (iv) sufficient data exists to indicate that the carrying value of mineral properties will not be fully recovered from future development and production. No impairment indicators existed at December 31, 2025 for any of SPD's properties.

Valuation of investments

Investments that cannot be measured or can only be partially measured using observable market inputs are classified as Level 3 investments. The measurement of such investments draws principally on valuation models and methods. That valuation

requires judgements. At December 31, 2025, SPD valued its Level 3 investments of WPPM shares based on the share price of WPPM's most recent equity financings completed on an arm's-length basis.

FINANCIAL RISK MANAGEMENT

Foreign exchange risk

A portion of SPD's financial assets and liabilities are denominated in US dollars. SPD may raise funds in either US or Canadian dollars while major purchases and expenditures are usually transacted in US dollars. SPD also funds certain operations and exploration and administrative expenses in US dollars. SPD monitors this exposure to foreign exchange risk, but has no foreign currency hedge positions. At December 31, 2025, a 5% change in the value of the US dollar as compared to the Canadian dollar would result in a change of approximately $25,000 in shareholders' equity (December 31, 2024 - $25,000) and less than $1,000 in net income (loss) (December 31, 2024 - $1,000).

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. SPD is exposed to credit risk from cash deposits and reclamation bonds with financial institutions and regulatory agencies, promissory note receivable, and other receivables. Cash and cash equivalent are held in banks and brokerage accounts, for which management believes the risk of loss to be minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates that are invested with reputable financial institutions and a performance bond purchased from a regulatory agency, for which management believes the risk of loss to be minimal. Promissory note receivable which was fully paid off in December 2025 is from WPPM as part of the sale of the Taylor property. SPD's maximum balance sheet exposure to credit risk at December 31, 2025 is the carrying value of its cash and cash equivalent, other receivables, and reclamation bonds. SPD's maximum balance sheet exposure to credit risk at December 31, 2024 is the carrying value of its cash and cash equivalent, note receivable, promissory note receivable, other receivables, and reclamation bonds.

Interest rate risk

Interest rate risk mainly arises from SPD's cash which receives interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible.

At December 31, 2025 and December 31, 2024, SPD had no significant borrowings.

Liquidity risk

Liquidity risk is the risk that SPD will not be able to meet its current obligations as they become due. SPD prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of SPD's activities, funding for long-term liquidity needs is dependent on SPD's ability to obtain additional financing through various means, including equity financing. There can be no assurance that SPD will be able to obtain adequate financing or that the terms of such financing will be favourable. At December 31, 2025, SPD had a net working capital (current assets less current liabilities) balance of $945,046 (December 31, 2024 - $1,215,143). For the year ended December 31, 2025, SPD's cash outflows from operating activities were $322,198 (for the year ended December 31, 2024 - $130,698) and cash inflows from investing activities were $739,855 (for the year ended December 31, 2024 – outflows of $342,185).

RISKS AND UNCERTAINTIES

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an exploration stage of development. The Directors of SPD consider the risks set forth below to be the most significant to potential investors of SPD, but not all of the risks associated with an investment in securities of SPD. If any of those risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to SPD's business, actually occur, SPD's assets, liabilities, financial condition, results of operations (including future results of operations), business, and business prospects are likely to be materially and adversely affected. In such circumstances, the price of SPD's securities could decline and investors may lose all or part of their investment.

Sale of assets and availability of financing

There is no assurance that future sale of assets or future financing initiatives will be successful. There is no assurance that additional funding will be available to SPD for additional exploration or for the substantial capital that is typically required to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that SPD will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Property title matters

While SPD has performed due diligence with respect to the title of its properties, that should not be construed as a guarantee of title. SPD's properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

Management

SPD is dependent on a small number of key personnel and management services provided by Till Capital pursuant to a services agreement. The loss of any key personnel, including contractors, or management services, could have an adverse effect on SPD.

Economics of developing mineral properties

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. With respect to SPD's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves exist that are sufficient to commercially mine, and to obtain the required environmental and other approvals and permits required to commence commercial operations. Should any resource be confirmed on such properties, there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable and merchantable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involve significant expense. Any such decision will involve consideration and evaluation of several significant factors including, but not limited to: (i) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies, and construction of production facilities; (ii) availability and costs of financing; (iii) ongoing costs of production; (iv) market prices for the minerals to be produced; (v) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (vi) political climate and/or governmental regulation and control, including availability of permits, waivers, etc.

The ability of SPD to sell and profit from the sale of any eventual mineral production from any of its properties is subject to the prevailing conditions in the global minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of those factors are beyond the control of SPD and therefore represent a market risk that could impact the long-term viability of SPD and its operations.

Stage of development

SPD's properties are in the exploration stage and SPD does not have an operating history. Exploration and development of mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing properties. The amounts attributed to SPD's interest in its properties, as reflected in its consolidated financial statements, represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that SPD's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of SPD's operations will, in part, be directly related to the cost and success of its exploration programs, which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

Profitability of operations

SPD does not have a history of operating profitably and it should be anticipated that it will operate at a loss at least until such time as production is achieved from one of SPD's properties, if production is, in fact, ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

Mineral industries competition is significant

International mineral industries are highly competitive. SPD will be competing against competitors that may be larger and better capitalized, have state or other government support, have access to more efficient technology, and have access to reserve minerals that are cheaper to extract and process. As such, no assurance can be given that SPD will be able to compete successfully with its industry competitors.

Fluctuations in metal prices

SPD's future revenues, if any, are expected to be in large part derived from the future mining and sale of metals or interests related thereto. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond SPD's control, including, among others, international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others, and inventory carrying costs. The effect of those factors on the prices of metals, and therefore the economic viability of SPD's operations, cannot be accurately predicted. Depending on the price obtained for any minerals produced, SPD may determine that it is impractical to commence or continue commercial production.

SPD's operations are subject to operational risks and hazards inherent in the mining industry

SPD's business is subject to a number of inherent risks and hazards, including environmental pollution, and industrial and transportation accidents that may involve hazardous materials, labor disputes, power disruptions, catastrophic accidents, failure of plant and equipment to function correctly, the inability to obtain suitable or adequate equipment, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins, encountering unusual or unexpected geological conditions, and technical failure of mining methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, SPD's mineral properties, personal injury or death, environmental damage, delays in SPD's exploration or development activities, costs, monetary losses, potential legal liability, and adverse governmental action, all of which could have a material and adverse effect on SPD's future cash flows, earnings, results of operations, and financial condition.

Government regulation

SPD's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although SPD believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development.

Many of the mineral rights and interests of SPD are subject to government approvals, licenses, and permits. Such approvals, licenses, and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. No assurance can be given that SPD will be successful in obtaining, or maintaining, any or all of the various approvals, licenses, and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, SPD may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties

engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulation governing operations, or more stringent implementation thereof, could have a substantial impact on SPD and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Future sales of common shares by existing shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair SPD's ability to raise capital through future sales of common shares.

SPD could be deemed a Passive Foreign Investment Company, which could have negative consequences for U.S. investors

Depending upon the composition of SPD's gross income or its assets, SPD could be classified as a Passive Foreign Investment Company ("PFIC") under the United States tax code. If SPD is declared a PFIC, then owners of the common shares who are U.S. taxpayers generally will be required to treat any "excess distribution" received on their common shares, or any gain realized upon a disposition of common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a Qualified Electing Fund ("QEF") election or a mark-to-market election with respect to the common shares. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of SPD's net capital gain and ordinary earnings for any year in which SPD is classified as a PFIC, whether or not SPD distributes any amounts to its shareholders. U.S. investors should consult with their tax adviser for advice as to the U.S. tax consequences of an investment in the common shares.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of financial condition and results of operations contains "forward-looking information" that includes, but is not limited to, information about the transactions, statements with respect to the future financial or operating performances of SPD, and its projects, the future price of silver, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production revenues, margins, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, cost and timing of plant and equipment, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage, and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as "proposes", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur, or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of SPD and/or its subsidiary to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political, and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations that may prove inaccurate; fluctuations in the value of the Canadian or US dollar; future prices of silver; future prices of gold; possible variations of ore grade or recovery rates; failure of plant or equipment or failure to operate as anticipated; accidents; labour disputes or slowdowns or other risks of the mining industry; climatic conditions; political instability; or arbitrary decisions by government authorities.

Although SPD has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated, or intended. Forward-looking statements contained herein are made as of the date of this Management's Discussion and Analysis of Financial Condition and Results of Operations based on the opinions and estimates of management, and SPD disclaims any obligation to update any forward-looking statements, whether as a result of new

information, estimates, or opinions, future events or results, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.