



**Management's Discussion and Analysis**  
**For the Three and Six Months Ended June 30, 2024**  
(Expressed in Canadian Dollars)

**ABRASILVER RESOURCE CORP.**  
**Management's Discussion and Analysis**  
**Three Months and Six Months Ended June 30, 2024**  
*(In Canadian Dollars unless otherwise stated)*

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## **Introduction**

This Management's Discussion and Analysis ("**Interim MD&A**") of the financial condition and results of the operations of AbraSilver Resource Corp. (the "**Company**") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since the Management Discussion & Analysis ("**Annual MD&A**") for the fiscal year ended December 31, 2023. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2023 and December 31, 2022 ("**FY 2023**" and "**FY 2022**", respectively) and the unaudited condensed interim consolidated financial statements (the "**Interim Financial Statements**") for the three and six months ended June 30, 2024 ("**Q2 2024**"), together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of August 28, 2024 unless otherwise indicated.

On May 22, 2024, the Company implemented a consolidation of its common shares in the capital of the Company on the basis of five (5) pre-consolidation shares for every one (1) post consolidation share. Accordingly, the number of shares, warrants, stock options and RSUs and the exercise prices in these interim MD&A and in the Interim Financial Statements have been restated to reflect the share consolidation.

The unaudited condensed interim consolidated financial statements for Q2 2024, have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee, applicable to the preparation of interim financial statements including IAS 34 Interim Financial Reporting.

For the purposes of preparing this Interim 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 AbraSilver'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.

Further information about the Company and its operations is available on SEDAR+ at [www.abrasilver.com](http://www.abrasilver.com) and [www.sedarplus.ca](http://www.sedarplus.ca).

## **1. OVERVIEW OF THE COMPANY**

AbraSilver Resource Corp. ("**AbraSilver**" or the "**Company**") is a Canadian-based precious metals exploration company headquartered in Toronto, Canada. The Company was originally incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company changed its name to Angel Bioventures Inc. on August 28, 2013. Subsequently on March 23, 2017 the Company changed its name to AbraPlata Resource Corp. and on March 4, 2021 to AbraSilver Resource Corp. The Company's registered office is located at Suite 550, 220 Bay Street, Toronto, ON, M5J 2W4.

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The Company's common shares are listed on TSX Venture Exchange ("**TSX-V**", or the "**Exchange**") under the symbol "**ABRA**", and on the OTCQX under the symbol "**ABBRF**".

## 2. HIGHLIGHTS

The Company's key events and highlights from April 1 to June 30, 2024, include the following:

- On April 26, 2024, the Company announced the completion of a strategic \$20 million non-brokered private placement of AbraSilver common shares ("**Common Shares**") with Kinross Gold Corporation ("**Kinross**") (NYSE: KGC, TSX: K) and an affiliate of Central Puerto SA ("**Central Puerto**") (NYSE: CEPU) at a subscription price of \$2.00 per Common Share (the "**Private Placement**").

The Company will use the proceeds of the Private Placement for exploration and development of the Company's flagship Diablillos project in Salta Province, Argentina ("**Diablillos**" or the "**Project**") and for working capital and general corporate purposes.

The highlights of the strategic financing are:

- Each of Kinross and Central Puerto invested \$10 million, resulting in aggregate gross proceeds of \$20 million to the Company. As a result, Kinross and Central Puerto each own approximately 4.0% of the outstanding Common Shares on an undiluted basis.
  - The Company issued an aggregate of 10,000,000 Common Shares at a subscription price of \$2.00 per Common Share, representing approximately a 3% premium to the closing price of the Common Shares on April 19, 2024.
  - AbraSilver entered into Investor Rights Agreements with each of Kinross and Central Puerto that includes, among other things, standard anti-dilution and equity participation rights and the formation of a Technical Advisory Committee and a Strategic & Operational Committee.
  - Pursuant to the terms of the Investor Rights Agreement with Kinross, AbraSilver and Kinross formed a regional partnership to jointly explore for and acquire new projects in Argentina focused on silver, gold, and copper.
- On May 6, 2024, the Company announced that it has commenced its Phase IV drill program at Diablillos consisting of 20,000-metres ("m"). The Phase IV drill program will prioritize target areas with known mineralization as well as exploring newly identified prospective exploration targets within the broader Diablillos land package.
  - On May 17, 2024, AbraSilver announced the completion of a share consolidation of its common shares (the "**Shares**") on the basis of one (1) post-Consolidation Common Share for every five (5) pre-Consolidation Common Shares (the "**Share Consolidation**"). The Share Consolidation reduced the number of Common Shares issued and outstanding from approximately 625 million Common Shares to approximately 125 million Common Shares as of May 22, 2024. The Interim Financial Statements and this interim MD&A have been retrospectively adjusted to reflect the Share Consolidation. As a result, the number of common shares, options, restricted share units ("**RSUs**"), and warrants, issuance and exercise prices of options, RSUs, and warrants, loss per share reflect the Share Consolidation.
  - On June 17, 2024, the Company issued 279,140 shares after 425,000 options were exercised using the Net Exercise procedure at a weighted average exercise price of \$0.33 for net proceeds of \$Nil.
  - On June 18, 2024, the Company announced the appointment of Jeremy Weyland as Senior Vice President, Projects and Development, effective September 3, 2024. Mr. Weyland is an international mining executive with 17 years of industry experience in capital project planning and execution, including senior leadership roles at Lundin Mining Corp. and Kinross Gold Corp. The Company granted

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400,000 stock options to Mr. Weyland. The options are exercisable at a price of \$2.19 per common share for a period of five years from the date of grant. The options vest in 25% instalments every 6 months, starting September 3, 2024..

- During the quarter ended June 30, 2024, the Company issued 909,613 shares after 909,613 warrants were exercised at a weighted average exercise price of \$0.76 for net proceeds of \$691,886. The exercise of 175,614 of these warrants resulted in the issuance of one common share and a half warrant for a total of 87,807 additional warrants granted. The warrants granted are exercisable at \$2.50 and will expire on December 6, 2024.
- During the quarter ended June 30, 2024, 209,800 warrants expired unexercised.
- During the quarter ended June 30, 2024, the Company issued 515,375 shares after 515,375 options were exercised at a weighted average exercise price of \$0.41 using the regular no Net Exercise procedure for net proceeds of \$210,230.

### **3. EXPLORATION AND EVALUATION**

#### **Diablillos Project**

The Diablillos project was acquired by the Company from SSR Mining Inc. in 2016 and covers an area of approximately 79km<sup>2</sup> in the Puna region of Argentina, in the southern part of Salta Province along the border with Catamarca Province, approximately 160 km southwest of the city of Salta and 375 km northwest of the city of Catamarca. To fulfil the terms of the agreement, the Company is required to make a final cash payment of \$7.0 million on construction start-up or at the fifth anniversary (July 31st, 2025).

The property comprises 15 contiguous and overlapping mineral concessions acquired by AbraSilver in 2016. The project site has good year-round accessibility through a 150 km paved road, followed by a well-maintained gravel road, shared with other adjacent projects.

There are several known mineral zones on the Diablillos property. A total of approximately 150,000 m have been drilled to date, which has outlined multiple occurrences of epithermal silver-gold mineralization at Oculito, JAC, Laderas and Fantasma. Additionally, several satellites zones of silver/gold-rich epithermal mineralization have been located within a 500 m to 1.5 km distance surrounding the Oculito/JAC epicentre.

As of September 6th, 2017, AbraSilver completed the definitive documentation necessary to acquire a 100% equity interest in Minera Cerro Bayo SA ("Cerro Bayo"), the owner of the conflicting mineral rights granted by the government of Catamarca, thereby indirectly acquiring ownership and control of all mineral interests. As consideration, AbraSilver will pay US\$3,325,000 in cash and issue 500,000 common shares of the Company to the shareholders of Cerro Bayo in instalments over an eight-year period. As at the date of this MD&A, US\$2,155,000 has been paid and 500,000 shares have been issued.

#### **Diablillos Reserve Estimate – As of March 7, 2024**

On March 25, 2024, the Company announced the results of a PFS on the Diablillos project, which resulted in the estimation of Mineral Reserves. The Mineral Reserves, which were estimated using a silver price of \$22.50/oz and a gold price of \$1,750/oz, are shown in the Table below.

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Mineral Reserve (all domains)	Tonnage (000 t)	Au (g/t)	Ag (g/t)	AgEq (g/t)	Contained Ag (000 oz Ag)	Contained Au (000 oz Au)	Contained AgEq (000 oz AgEq)
Proven	12,364	0.86	118	185	46,796	341	73,352
Probable	29,930	0.80	80	142	76,684	766	136,267
<b>Total Proven and Probable</b>	<b>42,294</b>	<b>0.81</b>	<b>91</b>	<b>154</b>	<b>123,480</b>	<b>1,107</b>	<b>209,619</b>

Notes for Mineral Reserve Estimate:

- Mineral reserves have an effective date of March 07, 2024.
- The Qualified Person for the Mineral Reserve Estimate is Mr. Miguel Fuentealba, P.Eng.
- The mineral reserves were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Definition Standards for Mineral Resources and Reserves, as prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- The mineral reserves were based on a pit design which in turn aligned with an ultimate pit shell selected from a Whittle™ pit optimization exercise. Key inputs for that process are:
  - Metal prices of US\$ 1,750/oz Au; US\$ 22.50/oz Ag
  - Variable Mining cost by bench and material type. Average costs are US\$ 1.94/t for all lithologies except for "cover" Cover mining cost of US\$ 1.73/t, respectively.
  - Processing costs for all zone, US\$ 22.97/t.
  - Infrastructure and G&A cost of US\$ 3.32/t.
  - Pit average slope angles varying from 37° to 60°.
  - The average recovery is estimated to be 82.6% for silver and 86.5% for gold.
- The Mineral Reserve Estimate has been categorized in accordance with the CIM Definition Standards (CIM, 2014).
- A Net Value per block ("NVB") cut-off was used to constrain the Mineral Reserve with the reserve pitshell. The NVB was based on "Benefits = Revenue-Cost" being positive, where, Revenue = [(Au Selling Price (US\$/oz) - Au Selling Cost (US\$/oz)) x (Au grade (g/t)/31.1035)] x Au Recovery (%) + [(Ag Selling Price (US\$/oz) - Ag Selling Cost (US\$/oz)) x (Ag grade (g/t)/31.1035)] x Ag Recovery (%) and Cost = Mining Cost (US\$/t) + Process Cost (US\$/t) + Transport Cost (US\$/t) + G&A Cost (US\$/t) + [Royalty Cost (%) x Revenue]. The NVB method resulted in an average equivalent cut-off grade of approximately 46g/t AgEq.
- In-situ bulk density was read from the block model, assigned previously to each model domain during the process of mineral resource estimation, according to samples averages of each lithology domain, separated by alteration zones and subset by oxidation.
- All tonnages reported are dry metric tonnes and ounces of contained gold are troy ounces.
- Mining recovery and dilution factors have not been applied to the Mineral Resource estimates.

On November 27, 2023, the Company announced an updated, conceptual open pit constrained, Mineral Resource estimate ("MRE") for the Diablillos project. The MRE comprises an updated estimate for the Oculito deposit plus estimates for the JAC, Fantasma and Laderas deposits, all of which are located to the west/southwest of Oculito. All four deposits are located at Diablillos. The MRE is the result of approximately 133,000 metres of drilling in 630 drill holes (historical and current). This includes the IPhase III drill campaign, conducted in 2022/23, which totaled 24,077 metres. The cut-off grade was calculated using a Net Block Value calculation equivalent to an average cut-off grade of approximately 45g/t AgEq. A full Technical Report dated January 10, 2024, in respect of the new MRE was prepared and filed on SEDAR+ in accordance with NI 43-101. Accordingly, the new MRE supersedes and replaces all prior PEAs or other forward-looking economic information on the Diablillos project. The Diablillos Mineral Resource estimate is summarized in the Table below:

**Diablillos Mineral Resource Estimate – As of November 22, 2023**

Deposit	Zone	Category	Tonnes (000 t)	Ag (g/t)	Au (g/t)	AgEq (g/t)	Contained Ag (000 oz Ag)	Contained Au (000 oz Au)	Contained AgEq (000 oz AgEq)
Oculito	Oxides	Measured	12,170	101	0.95	178	39,519	372	69,523
		Indicated	34,654	64	0.85	133	71,306	947	147,748

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		<b>Measured &amp; Indicated</b>	<b>46,824</b>	<b>74</b>	<b>0.88</b>	<b>145</b>	<b>110,825</b>	<b>1,319</b>	<b>217,271</b>
		Inferred	3,146	21	0.68	76	2,124	69	7,677
<b>JAC</b>	Oxides	Measured	1,870	210	0.17	224	12,627	10	13,452
		Indicated	3,416	198	0.12	208	21,744	13	22,808
		<b>Measured &amp; Indicated</b>	<b>5,286</b>	<b>202</b>	<b>0.13</b>	<b>212</b>	<b>34,371</b>	<b>23</b>	<b>36,260</b>
		Inferred	77	77	-	77	190	-	190
<b>Fantasma</b>	Oxides	Measured	-	-	-	-	-	-	-
		Indicated	683	105	-	105	2,306	-	2,306
		<b>Measured &amp; Indicated</b>	<b>683</b>	<b>105</b>	<b>-</b>	<b>105</b>	<b>2,306</b>	<b>-</b>	<b>2,306</b>
		Inferred	10	76	-	76	24	-	24
<b>Laderas</b>	Oxides	Measured	-	-	-	-	-	-	-
		Indicated	464	16	0.91	89	239	14	1,334
		<b>Measured &amp; Indicated</b>	<b>464</b>	<b>16</b>	<b>0.91</b>	<b>89</b>	<b>239</b>	<b>14</b>	<b>1,334</b>
		Inferred	55	43	0.57	89	76	1	157
<b>Total</b>	Oxides	Measured	14,040	116	0.85	184	52,146	382	82,975
		Indicated	39,217	76	0.77	138	95,594	974	174,196
		<b>Measured &amp; Indicated</b>	<b>53,257</b>	<b>87</b>	<b>0.79</b>	<b>151</b>	<b>147,740</b>	<b>1,356</b>	<b>257,171</b>
		Inferred	3,288	23	0.66	76	2,415	70	8,049

Notes for November 2023 MRE:

1. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.
2. The formula for calculating AgEq is as follows: Silver Eq oz = Silver oz + Gold oz x (Gold Price/Silver Price) x (Gold Recovery/Silver Recovery).
3. The Mineral Resource model was populated using Ordinary Kriging grade estimation within a three-dimensional block model and mineralized zones defined by wireframed solids, which are a combination of lithology and alteration domains. The 1m composite grades were capped where appropriate.
4. The Mineral Resource is reported inside a conceptual Whittle open pit shell derived using US\$ 24.00/oz Ag price, US \$1,850/oz Au price, 82.6% process recovery for Ag, and 86.5% process recovery for Au. The constraining open pit optimization parameters used were US \$1.94/t mining cost, US \$22.97/t processing cost, US \$3.32/t G&A cost, and average 51-degree open pit slopes.
5. The MRE has been categorized in accordance with the CIM Definition Standards (CIM, 2014).
6. A Net Value per block ("NVB") cut-off was used to constrain the Mineral Resource with the conceptual open pit. The NVB was based on "Benefits = Revenue-Cost" being positive, where, Revenue = [(Au Selling Price (US\$/oz) - Au Selling Cost (US\$/oz)) x (Au grade (g/t)/31.1035)] x Au Recovery (%) + [(Ag Selling Price (US\$/oz) - Ag Selling Cost (US\$/oz)) x (Ag grade (g/t)/31.1035)] x Ag Recovery (%) and Cost = Mining Cost (US\$/t) + Process Cost (US\$/t) + Transport Cost (US\$/t) + G&A Cost (US\$/t) + [Royalty Cost (%) x Revenue]. The NVB method resulted in an average equivalent cut-off grade of approximately 45g/t AgEq.
7. The Mineral Resource is sub-horizontal with sub-vertical feeders and a reasonable prospect for eventual economic extraction by open pit methods.
8. In-situ bulk density was assigned to each model domain, according to samples averages of each lithology domain, separated by alteration zones and subset by oxidation.
9. All tonnages reported are dry metric tonnes and ounces of contained gold are troy ounces.
10. Mining recovery and dilution factors have not been applied to the Mineral Resource estimates.
11. The Mineral Resource was estimated by Mr. Luis Rodrigo Peralta, B.Sc., FAusIMM CP (Geo), Independent Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").
12. Mr. Peralta is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that could materially affect the potential development of the Mineral Resource.
13. All figures are rounded to reflect the relative accuracy of the estimates. Minor discrepancies may occur due to rounding to appropriate significant figures.
14. Totals may not agree due to rounding.

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**Diablillos Phase IV Exploration Campaign**

On May 6, 2024 the Company announced that it has commenced a 20,000-metre ("m") diamond drilling program at Diablillos. The ongoing Phase IV drill program is focused on expanding target areas with known mineralization as well as exploring newly identified prospective exploration targets within the broader Diablillos land package. The highest priority target areas are:

- JAC Extension / Alpaca: The southwest extension of the main JAC trend and the perpendicular structure heading towards the Alpaca zone are currently being drilled.
- Oculito Northeast / Cerro Bayo: A structural mapping project is currently underway and will be completed over the next few weeks and will be followed by a drill program designed to focus on the mineralized structures extending northeast from Oculito.
- Porphyry Complex (Cerro Blanco / Cerro Viejo): The Cerro Blanco / Cerro Viejo area is located approximately 3.5 km northeast of the Oculito deposit. Currently an electromagnetic survey is being conducted to help site a series of deeper drill holes to explore for an underlying porphyry system. Drilling in this area is expected to commence by the end of September.

**La Coipita Project, San Juan, Argentina**

The La Coipita project ("La Coipita") is located in the San Juan province of Argentina adjacent to the Chilean border. The Company has an option agreement to acquire a 100% interest in the La Coipita project which encompasses a large area, totaling approximately 70,000 hectares, in the western portion of the Calingasta Department.

The project is located in a geological setting similar to world-class deposits in the same belt, including the Filo del Sol and Los Azules projects, where porphyry style mineralisation is found immediately beneath epithermal mineralization.

On January 2, 2024 the Company executed a definitive option and joint venture agreement (the "Agreement") with a subsidiary of Teck to explore and develop the La Coipita copper-gold project in San Juan, Argentina.

The Agreement grants Teck an option to acquire an 80% interest in La Coipita by funding cumulative exploration expenditures of US\$20,000,000 over a five-year period, making staged cash payments to, and equity placement in AbraSilver totaling US\$3,059,545 (including an initial mandatory payment of US\$559,545), and making up to US\$6,300,000 in optional cash payments in respect of amounts payable to the underlying Project vendors. Following an initial transition period during which AbraSilver will support field operations, Teck is expected to act as operator for the duration of the Option (as defined below).

Pursuant to the Agreement, Teck has an option (the "Option") to acquire an 80% interest in La Coipita. Teck may exercise the Option by:

- Making the following payments to or equity placement in AbraSilver:
  - i. US\$559,545 cash payment upon closing of the agreement (optional payment - received);
  - ii. US\$1,000,000 cash payment or at Teck's election, subscription for US\$1,000,000 of common shares of AbraSilver ("ABRA Shares") on or before January 31, 2025, to be priced at the greater of (a) a 25% premium to the preceding 20-day volume weighted average price of ABRA shares, or (b) \$1.75 per ABRA Share (optional payment or subscription); and

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iii. US\$1,500,000 cash payment on or before January 31, 2028 (optional payment).

- Incurring an aggregate of US\$20,000,000 in exploration expenditures on La Coipita over a five year period; and
- Additional Optional cash payments in respect of amounts for expenditures required to settle payments to the Project optionors:
  - i. US\$500,000 Initial payment (mandatory payment - received);
  - ii. US\$500,000 on or before July 31, 2024 (optional payment – received);
  - iii. US\$1,000,000 on or before January 15, 2025 (optional payment);
  - iv. US\$800,000 on or before July 31, 2025 (optional payment);
  - v. US\$1,500,000 on or before July 31, 2026 (optional payment); and
  - vi. US\$2,000,000 on or before January 15, 2026 (optional payment).

Upon exercise of the Option, the parties will incorporate a company in Argentina (“Newco”) to become the titleholder of La Coipita. Teck will hold 80% of Newco’s outstanding shares, with AbraSilver holding the remaining 20%. Each party will fund its pro-rata share of future expenditures on La Coipita through equity contributions to Newco or incur dilution in Newco. If a party’s shareholding interest in Newco is diluted below 10% or pursuant to certain other conditions of the Agreement, its shareholding interest will be converted to a 1.1% net smelter returns royalty on La Coipita, of which 0.6% can be bought back by the payor for a cash payment of US\$3,000,000 at any time.

In connection with the Agreement, the Company has been engaged by Teck to act as Manager and perform certain services in support of the exploration activities at La Coipita. As a result, the Company shall be entitled to a management fee equal to 10% of all costs actually incurred in carrying-out their exploration activities.

**4. SELECTED QUARTERLY INFORMATION**

<b>Quarter Ended</b>	<b>Cash and Cash equivalents and term deposits</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Net loss for the period</b>	<b>Loss per share – basic &amp; diluted</b>
June 30,20234	\$19,670,157	\$45,706,946	\$9,049,871	(\$4,737,982)	(\$0.04)
March 31,2024	\$5,694,289	\$31,091,696	\$10,264,898	(\$1,455,557)	(\$0.01)
December 31,2023	\$4,797,365	\$29,669,123	\$8,209,169	(\$2,453,778)	(\$0.06)
September 30,2023	\$6,608,966	\$31,997,725	\$7,698,768	(\$3,098,801)	(\$0.06)
June 30,2023	\$10,901,372	\$34,275,646	\$7,824,170	(\$7,027,553)	(\$0.06)
March 31,2023	\$10,669,288	\$34,463,516	\$7,638,005	(\$6,213,302)	(\$0.06)
December 31,2022	\$15,823,197	\$39,130,518	\$7,530,875	(\$5,371,901)	(\$0.06)
September 30,2022 (Restated)	\$10,749,573	\$33,100,364	\$6,720,543	(\$4,884,583)	(\$0.06)

While the information set out in the foregoing table is mandated by National Instrument 51-102 – *Continuous Disclosure Obligations*, it is management’s view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company’s performance. It is in the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue.

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Like most other companies in the mineral exploration sector, the Company anticipates that significant variances in the Company's reported loss from quarter to quarter will most commonly arise from factors that are difficult to anticipate in advance or to predict from past results. They are as follows: (i) decisions to write off deferred exploration costs when management concludes there has been an impairment in the carrying value of a mineral property, or the property is abandoned, (ii) the granting of incentive stock options, which results in the recording of amounts for stock-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter, (iii) the effect of inflation in Argentina as further discussed under the heading Effect of Inflation below; and (iv) the effect of exchange rate variations between the Canadian dollar, the United States dollar and the Argentinian Pesos.

## **5. RESULTS OF OPERATIONS**

The operating results of exploration companies can fluctuate significantly from period to period. The Company is in the exploration stage and has no revenue from operations.

Three months ended June 30, 2024 ("**Q2 2024**") is compared to the three months ended June 30, 2023 ("**Q2 2023**").

During Q2 2024 the net loss decreased by \$2,289,571 to \$4,737,982 compared to the net loss recorded during Q2 2023 due mainly to the following:

- The main driver in Q2 2024 loss decreases are Evaluation and Exploration expenses ("**EE**"). Although there are no seasonal variations, comparing the expenditures with the same period last year, the EE were \$3,162,963 during Q2 2024 compared to \$9,826,675 for Q2 2023. The decrease of \$6,663,712 breaks down as follow:

*Diablillos Project.* The EE decreased by \$4,163,342 as the Phase III diamond drilling program was completed during FY 2023. On May 6, 2024 the Company announced that it has commenced the Phase IV 20,000-metre ("m") diamond drilling program, 12 holes and 1,860 meters were drilled in Q2 2024; during the same period last year 42 holes and 7,519 meters were drilled in the Phase III. The drilling cost reduced to \$1,320,423 in Q2 2024 compared with \$5,722,688 in Q2 2023; the Geology and Lab cost decreased to \$290,332 in Q2 2024 compared with \$394,969 in Q2 2023 in connection with the Diablillos PFS completion indicated in the Exploration and Evaluation section. The Personnel cost decreased to \$496,755 in Q2 2024 compared with \$539,674 in Q2 2023 in connection with the decreased EE activities after the drill program completion. In preparation for the Phase IV the Camp cost increased to \$770,069 in Q2 2024 compared with \$495,540 in Q2 2023.

- *La Coipita Project.* The EE decreased by \$2,495,335 after the execution of the definitive option and joint venture agreement on the La Coipita project with a subsidiary of Teck Cominco Limited - as indicated in the Exploration and Evaluation section above- as AbraSilver no longer assumes any of the EE costs on the La Coipita project. Therefore during Q2 2024 no holes were drilled by the Company compared with one hole during the same period last year for a total of 455 m. The driver for the reduction in expenditures were: the professional and access fees amounting to \$6,190 in Q2 2024 compared with \$300,464 in Q2 2023; the drilling cost \$Nil in Q2 2024 compared with \$1,649,401 in Q2 2023 and Camp costs decreased to \$Nil in Q2 2024 compared with \$383,176 in Q2 2023 in connection with the decreased EE activities.
- Gain on sale of marketable securities decreased by \$3,922,187 during Q2 2024 compared with Q2 2023. From time to time, the Company acquires and transfers marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian headquarters and its Argentine operating

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- subsidiary. The use of marketable securities for the purposes of facilitating intragroup funding transfers, which represents the net benefit of having used this funding mechanism over traditional methods. The decrease in the gains is primarily the result of less funds provided to its Argentine subsidiary and are related to the \$3,032,000 transferred to the Argentina subsidiaries in Q2 2024 compared with \$5,484,000 transferred in Q2 2023.
- Teck management fees and other income were \$163,427 during Q2 2024 compared with \$ Nil in Q2 2023 in connection with the fees received by the Company for execution of the Technical Service Agreement with Teck Discovery Argentina S.A.S to perform some management services in support of their exploration activities on the La Coipita project.
  - Depreciation, Office and Administrative expenses decreased by \$187,158 during Q2 2024 compared to Q2 2023. The driver of the decrease is the bank and broker fees incurred in connection with the funds transfer from AbraSilver Resource Corp. to its subsidiaries in Argentina using the equity market. During Q2 2024 \$3,032,000 was transferred to Argentina compared with \$5,484,000 in Q2 2023.

Six months ended June 30, 2024 (“**YTD 2024**”) is compared to the six months ended June 30, 2023 (“**YTD 2023**”).

During YTD 2024 the net loss decreased by \$7,047,316 to \$6,193,539 compared to the net loss recorded during YTD 2023 due mainly to the following:

- The main driver in YTD 2024 loss decreases are Evaluation and Exploration expenses (“**EE**”). Although there are no seasonal variations, comparing the expenditures with the same period last year, the EE were \$4,238,076 during YTD 2024 compared to \$17,612,204 for YTD 2023. The decrease of \$13,374,128 breaks down as follow:

*Diablillos Project.* The EE decreased by \$8,974,279 as the Phase III diamond drilling program was completed during FY 2023. The drilling cost reduced to \$1,333,682 in YTD 2024 compared with \$9,676,566 in YTD 2023; the Geology and Lab cost decreased to \$643,643 in YTD 2024 compared with \$1,085,058 in YTD 2023 in connection with the the Diablillos PFS completion indicated in the Exploration and Evaluation section. The Personnel cost decreased to \$821,168 in YTD 2024 compared with \$1,018,574 in YTD 2023 in connection with the decreased EE activities after the drill program completion. In preparation for the Phase IV the Camp cost increased to \$971,735 in YTD 2024 compared with \$954,433 in YTD 2023.

*La Coipita Project.* The EE decreased by \$4,390,299 after the execution of the definitive option and joint venture agreement on the La Coipita project with a subsidiary of Teck Cominco Limited - as indicated in the Exploration and Evaluation section above- as AbraSilver no longer assumes any of the EE costs on the La Coipita project. Therefore during YTD 2024 no holes were drilled by the Company compared with two holes during the same period last year for a total of 1,391 m. The drivers for the reduction in expenditures were: the professional and access fees \$9,519 in YTD 2024 compared with \$1,017,708 in YTD 2023; drilling cost \$Nil in YTD 2024 compared with \$2,107,088 in YTD 2023 and Camp costs decreased to \$Nil in YTD 2024 compared with \$961,232 in YTD 2023 in connection with the decreased EE activities.

- Gain on sale of marketable securities decreased by \$6,501,510 during YTD 2024 compared with YTD 2023. From time to time, the Company acquires and transfers marketable securities as a mechanism to facilitate intragroup funding transfers between its Canadian headquarters and its Argentine operating subsidiary. The use of marketable securities for the purposes of facilitating intragroup funding transfers,

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which represents the net benefit of having used this funding mechanism over traditional methods. The increase in the gains is primarily the result of more funds provided to its Argentine subsidiary and are related to the \$5,409,000 transferred to the Argentina subsidiaries in YTD 2024 compared with \$10,141,960 transferred in YTD 2023.

- Teck management fees and other income were: \$571,374 during YTD 2024 compared with \$Nil in YTD 2023 in connection with the fees received by the Company for execution of the Technical Service Agreement from with Teck Discovery Argentina S.A.S to perform some management services in support of their exploration activities on the La Coipita project.
- Depreciation, Office and Administrative expenses increased by \$453,895 during YTD 2024 compared to YTD 2023. The drivers of the increase are the bank and broker fees in connection with the funds transfer from AbraSilver Resource Corp. to its subsidiaries in Argentina using the equity market. During YTD 2024 \$5,409,000 was transferred to Argentina compared with \$10,141,960 in YTD 2023.

## **6. EFFECT OF INFLATION**

Argentina was designated a hyperinflationary economy as of July 1, 2018. The effect of the Argentinian inflation and specific price changes in the Company operations are minimum since the inflation relates to the cost and prices in Argentinian Pesos and not in the currency in which the Company keeps its funds.

As described in the note 10 of the Interim Financial Statements, the Company acquires and transfers marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiaries and minimize the timing in which the funds are kept in Argentinian Pesos mitigating the inflationary effects.

The application of hyperinflation accounting requires restatement of the Argentine subsidiaries' non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

## **7. FINANCIAL INSTRUMENTS**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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The Company's financial instruments as of June 30, 2024, and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 19,670,157	\$ 2,797,365
Receivables	1,228,331	443,217
Term deposits	-	2,000,000
<b>Total financial assets</b>	<b>\$ 20,898,488</b>	<b>\$ 5,240,582</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 861,692	\$ 789,103
Consideration payable	8,232,909	7,420,066
<b>Total financial liabilities</b>	<b>\$ 9,094,871</b>	<b>\$ 8,209,169</b>

Additional financial instruments disclosure, including an analysis of risks associated with financial instruments, are contained in Note 3 of the Company's Interim Financial Statements for the three and six months ended June 30, 2024 and 2023.

## 8. LIQUIDITY AND CAPITAL RESOURCES

### (a) Liquidity

The Company's working capital as of June 30, 2024, was \$20,361,748 as compared to working capital of \$4,501,658 on December 31, 2023. Included in working capital was cash and cash equivalents of \$19,670,157 and term deposits of \$Nil. (December 31, 2023 - \$2,797,365 in cash and cash equivalents and term deposits \$2,000,000).

The Company's estimated general and administrative expenses for the next 12 months is \$2,400,000, which is lower than the Company's historical general and administrative expenses due to an expected decrease in expenses related to the Company's Chilean mining interests, an expected decrease in marketing and promotion expenses and an expected reduction in office and administrative expenses. The Company has a US\$7,000,000 long-term liability with an expected due date of July 31, 2025.

The Company commenced its Phase IV drill program at the Diablillos project in April 2024 and as a result the Company's cash burn rate increased in Q2 2024

Except as disclosed, the Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the Company's exploration programs and the Company's ability to raise additional capital as required.

The Company is not now and does not expect in the future, to be engaged in currency hedging to offset any risk of currency fluctuations.

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**(b) Capital Resources**

The Company's focus for the recently completed fiscal period and going forward is the advancement and development of its exploration projects. The major expenses that will be incurred by the Company in the next twelve months will be costs associated with its exploration activities and general and administrative activities.

As at June 30, 2024, the Company had a working capital of \$20,361,748, has never had profitable operations, has an accumulated deficit of \$85,899,248 and expects to continue to incur losses in the development of its business, all of which casts significant doubt on the Company's ability to continue as a going concern without securing additional future sources of financing to continue with its regular exploration activities and to honor the commitments as indicated in the "Commitments" section below for the next twelve months.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The Company will be relying on further equity financing, debt financing, strategic partnerships or joint-venture partnerships as the most likely source of funds for the advancement of the Company's exploration assets to a resource delineation or feasibility stage. In the future the Company may also receive additional funds through the exercise of stock options and warrants. If adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate various programs.

There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that future additional financing will be available to the Company at acceptable terms.

**c) Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements other than those disclosed under Mineral Interests.

**d) Commitments**

As of June 30, 2024, the Company has mineral interest commitments at its Diablillos and La Coipita projects in the form of option payments, although, as at the current date, the Company had the commitments shown in the table below, some of these commitments could be reduced, deferred or eliminated pending the outcome of the strategic review. The Company also has operating expenses in Buenos Aires, Santiago de Chile and Toronto.

<b>Commitments</b>	<b>Years ended December 31</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Diablillos	\$ -	\$ 1,601,379	\$ -
La Coipita	684,350	2,463,660	4,790,450
Total Mineral interest commitments	684,350	4,065,039	4,790,450
Total Commitments	\$ 684,350	\$ 4,065,039	\$ 4,790,450

**Note:** Amounts expressed in Canadian dollars, using a USD/CAD exchange rate of 1.3687.

**9. RELATED PARTY TRANSACTIONS**

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

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Amounts paid and accrued to directors, former director, officers and companies in which directors and officers are shareholders or partners are described in the following table. The business purpose for director fees and salaries is to compensate directors and officers of the Company in their capacities as directors or officers. The business purpose for the payments made to Zaballa & Carchio Abogados is for corporate, mining and legal advice, which arrangement can be terminated at any time. The business purpose for consulting fees paid to Robert Bruggeman is for financial modeling and due diligence consulting work performed on an as-needed basis. The payments made to John Miniotis and Carlos Pinglo are made in accordance with a written employment agreement, each of which can be terminated by the Company on 30 days written notice.

The fair value of the share-based compensation was determined using the Black-Scholes pricing model based on, among other things, 5 years expected life; share price at the grant date; volatility based on the historical trading price of the Company's common shares; risk free interest rate based on government of Canada marketable bonds for the duration of the option's expected term; and a dividend yield of 0%.

Name	Position	Director Fees	Salary	Professional /Consulting Fees	Share Base Compensation	Q2 -2024
Robert Bruggeman	Director	\$ 6,250	\$ -	\$ 4,600	\$ 35,629	\$ 46,479
Flora Wood	Director	6,250	-	-	26,722	32,972
Jens Mayer	Director	6,250	-	-	26,267	32,517
Sam Leung	Director	6,250	-	-	25,813	32,063
Hernan Zaballa	Director	6,250	-	-	26,267	32,517
Zaballa & Carchio Abogados (1)	NA	-	-	44,716	-	44,716
Nicholas Teasdale	Director	6,250	-	-	35,629	41,879
Stephen Gatley	Director	6,250	-	-	38,224	44,474
John Miniotis	CEO	-	68,435	-	89,981	158,416
Carlos Pinglo	CFO	-	50,000	-	28,040	78,040
		\$ 43,750	\$ 118,435	\$ 49,316	\$ 332,573	\$ 544,074

(1) Legal firm controlled by Hernan Zaballa.

Name	Position	Director Fees	Salary	Professional /Consulting Fees	Share Base Compensation	FY 2024
Robert Bruggeman	Director	\$ 12,500	\$ -	\$ 9,500	\$ 47,928	\$ 69,928
Flora Wood	Director	12,500	-	-	35,946	48,446
Jens Mayer	Director	12,500	-	-	34,781	47,281
Sam Leung	Director	12,500	-	-	33,617	46,117
Hernan Zaballa	Director	12,500	-	36,763	34,781	84,044
Zaballa & Carchio Abogados (1)	NA	-	-	88,983	-	88,983
Nicholas Teasdale	Director	12,500	-	-	47,625	60,125
Stephen Gatley	Director	12,500	-	-	54,663	67,163
John Miniotis	CEO	-	136,185	-	123,056	259,241
Carlos Pinglo	CFO	-	100,000	-	36,864	136,864
		\$ 87,500	\$ 236,185	\$ 135,246	\$ 449,262	\$ 908,193

(1) Legal firm controlled by Hernan Zaballa.

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As of June 30, 2024, \$Nil (December 31, 2023 – \$144,195) was payable to directors, officers and companies in which directors and officers are shareholders or partners of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

Name	Position	Director Fees	Salary	Professional /Consulting Fees	Share Base Compensation	Q2 -2023
Robert Bruggeman	Director	\$ 6,250	\$ -	\$ -	\$ 34,703	\$ 40,953
Flora Wood	Director	6,250	-	-	26,028	32,278
Jens Mayer	Director	6,250	-	-	23,858	30,108
Sam Leung	Director	6,250	-	-	21,690	27,940
Hernan Zaballa	Director	6,250	-	-	23,858	30,108
Zaballa & Carchio Abogados (1) NA		-	-	43,255	-	43,255
Nicholas Teasdale	Director	6,250	-	-	31,466	37,716
Stephen Gatley	Director	6,250	-	-	35,112	41,362
John Miniotis	CEO	-	66,200	-	98,534	164,734
Carlos Pinglo	CFO	-	50,000	-	26,556	76,556
		\$ 43,750	\$ 116,200	\$ 43,255	\$ 321,805	\$ 525,010

(1) Legal firm controlled by Hernan Zaballa.

Name	Position	Director Fees	Salary	Professional /Consulting Fees	Share Base Compensation	YTD 2023
Robert Bruggeman (2)	Director	\$ 12,500	\$ -	\$ 5,000	\$ 57,381	\$ 74,881
Flora Wood	Director	12,500	-	-	43,036	55,536
Jens Mayer	Director	12,500	-	-	39,449	51,949
Sam Leung	Director	12,500	-	-	35,864	48,364
Hernan Zaballa	Director	12,500	-	-	39,449	51,949
Zaballa & Carchio Abogados (1) NA		-	-	87,467	-	87,467
Nicholas Teasdale	Director	12,500	-	-	52,003	64,503
Stephen Gatley	Director	12,500	-	-	60,691	73,191
John Miniotis	CEO	-	129,354	-	167,542	296,896
Carlos Pinglo	CFO	-	96,667	-	45,474	142,141
		\$ 87,500	\$ 226,021	\$ 92,467	\$ 972,879	\$ 946,878

(1) Legal firm controlled by Hernan Zaballa.

(2) Consulting firm controlled by Robert Bruggeman

## 10. OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As of August 28 2024, the Company has 125,395,736 common shares issued and outstanding.

As of August 28, 2024, the Company has 2,788,307 warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
2,788,307	\$ 2.50	December 6, 2024

As of August 28, 2024, the Company has:

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- 5,072,500 stock options outstanding with a weighted average exercise price of \$1.61; 3,099,000 of which are exercisable with a weighted average exercise price of \$1.90.
- 76,667 restricted shares units Nil of which are vested.

## **11. RISKS AND UNCERTAINTIES**

The Company's exploration activities and related results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding uncertainty due receiving required permits in Argentina, exploration results, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk.

The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

A summary of the Company's financial instruments risk exposure was provided in Note 4 of the Company's consolidated financial statement for the year ended December 31, 2023. Described below are some additional risk factors, which are considered to be significant to the Company's business and financial condition.

### **Risks Related to Operations in Emerging Markets**

#### ***Investing in an emerging market entails certain inherit risks.***

The Company conducts or participates in mining, development, exploration, and other activities in Argentina, which is an emerging market. Investing in emerging markets generally involves risks, which may include: (i) expropriation or nationalization of property; (ii) changes in laws or policies or increasing legal and regulatory requirements of particular countries, including those relating to taxation, royalties, imports, exports, duties, currency, in-country beneficiation or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices; (iii) uncertain political and economic environments, war, terrorism, sabotage and civil disturbances; (iv) lack of certainty with respect to legal systems, corruption and other factors that are inconsistent with the rule of law; (v) delays in obtaining or the inability to obtain or maintain necessary governmental permits or to operate in accordance with such permits or regulatory requirements; (vi) import and export regulations, including restrictions on the export of gold or other minerals; (vii) limitations on the repatriation of earnings; (viii) underdeveloped industrial or economic infrastructure; (ix) internal security issues; (x) increased financing costs; (xi) renegotiation, cancellation or forced modification of existing contracts; and (xii) risk of loss due to disease, and other potential medical endemic or pandemic issues, as a result of the potential related impact to employees, disruption to operations, supply chain delays, trade restrictions and impact on economic activity in affected countries or regions.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

***Argentina may experience economic problems that could affect the Company's business, financial condition and result of operations***

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The Company's material project is located in Argentina, and it depends upon local economic and social conditions. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Argentine economies, price instability, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting Argentina, over which the Company has no control. Economic and political instability that has been caused by many different factors, including the following: (i) adverse external economic factors; (ii) inconsistent fiscal and monetary policies; (iii) dependence of governments on external financing; (iv) changes in governmental economic policies; (v) high levels of inflation; (vi) abrupt changes in currency values; (vii) high interest rates; (viii) volatility of exchange rates; (ix) political and social tensions; (x) exchange controls; (xi) wage and price controls; (xii) the imposition of trade barriers; and (xiii) trade shock. Any of these factors could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The economy of Argentina is vulnerable to external shocks caused by significant economic difficulties of their respective trading partners, or by more general "contagion" effects.***

Weak, flat or negative economic growth or changes in international trade policy of the major trading partners of Argentina could adversely affect its balance of payments and, consequently, its economic growth. Decreased growth affecting such major trading partners could have a material adverse effect on the markets for exports from Argentina, and, in turn, adversely affect economic growth. The Argentine economy may be affected by "contagion" effects. International investors' reactions to events occurring in one developing country sometimes appear to follow a "contagion" pattern, in which an entire region or investment class is disfavored by international investors. In particular, Argentina has been adversely affected by such contagion effects on a number of prior occasions, including the 1994 Mexican financial crisis, the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian real, and the 2001 collapse of Turkey's fixed exchange rate regime. Additionally, economic growth was negatively affected as a result of the 2008 global financial crisis, and more recently, the COVID-19 pandemic. Similar developments can be expected to affect the Argentine economy in the future, and may accordingly affect the Company's business, financial position, operations, and results of operations.

***We have activities in a country known to experience high levels of corruption and any violation of anti-corruption laws could subject us to penalties and other adverse consequences.***

We are subject to anti-corruption, anti-bribery, anti-money laundering and other international laws and regulations and are required to comply with the applicable laws and regulations of Argentina and Canada. In general, these laws prohibit improper payments or offers of payments to governments and their officials, political parties, state-owned or controlled enterprises, and/or private entities and individuals for the purpose of obtaining or retaining business. In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities. Our primary operations are located in Argentina, which is perceived as having relatively high levels of corruption. Our activities in this country create the risk of unauthorized payments or offers of payments by one of our employees, contractors, agents, or users that could be in violation of various laws, including anti-bribery laws in these countries. In addition, our ability to secure permits, renewals or other government approvals required to maintain our operations could be negatively impacted by corruption in one or more governmental institutions in Argentina. We have adopted various measures which mandate compliance with these anti-corruption, anti-bribery, and anti-money laundering laws, and have implemented training programs, compliance controls and procedures, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that our internal controls, and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by our affiliates, employees, directors, officers, partners, agents and service providers, or that any such persons will not take actions in violation of our policies and procedures, for which we may be ultimately responsible. Any violations by us of anti-bribery and anti-corruption laws or sanctions

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regulations could have a material adverse effect on our business, reputation, results of operations and financial condition. We cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

***Argentina has experienced significant political and socio-economic instability in the past, and may experience further instability in the future.***

Argentina has experienced significant political and social economic instability in the past and may experience further instability in the future. In 2001 and 2002, Argentina suffered a major political, economic and social crisis, which resulted in institutional instability and a severe contraction of the economy with significant increases in unemployment and poverty rates. Among other consequences, the crisis caused a large currency devaluation and led to the government of Argentina defaulting on its external debt. In response, the government of Argentina implemented a series of emergency measures, including strict foreign exchange restrictions and monthly limits on bank withdrawals, which affected public companies and other sectors of the Argentine economy. The Argentine economy experienced a recovery after the 2001 – 2002 crisis, however, since 2008, it has struggled to curb strong inflationary pressures and growth stagnated starting in 2012.

During the first half of 2018, the Argentine economy entered into an acute economic recession, which deepened in 2019, with a sharp decrease in international reserves, a material loss in the value of the Argentine peso vis-à-vis the US dollar, high inflation and unemployment rates and an increase in poverty and extreme poverty rates. Against this economic backdrop, in December 2019, the Argentine congress enacted legislation declaring a state of public emergency in economic, financial, fiscal, administrative, pensions, tariff, energy, health and social matters, which was in force until December 31, 2020, and was further extended in terms of health until December 31, 2021.

Argentine economic conditions are dependent on a variety of factors, including (but not limited to) the following: (i) international demand for Argentina's principal exports; (ii) international prices for Argentina's principal commodity exports; (iii) stability and competitiveness of the Argentine Peso with respect to foreign currencies; competitiveness and efficiency of domestic industries and services; (iv) levels of domestic consumption and foreign and domestic investment and financing; and (v) the rate of inflation.

Argentina's ability to obtain financing from international markets is limited. Without renewed access to the financial market the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. In addition, the Argentine government has engaged in conversations with the International Monetary Fund in order to renegotiate the principal maturities of certain amounts disbursed in 2018 and 2019, and it is uncertain whether the Argentine government will be successful in the negotiations with that agency.

The ultimate impact of each of these measures on the Argentine economy as well as the ability to implement all announced measures as currently contemplated, cannot be assured. If the government of Argentina's agenda cannot be successfully implemented, the result may further weaken confidence in and adversely affect the Argentine economy and financial condition. Any worsening in the Argentine economy or financial condition could have a material adverse effect on companies operating in Argentina, including the Company.

***Argentina is subject to frequent and unpredictable changes in tax rates, capital controls, and foreign exchange restrictions, which may restrict or affect the profitability of the Company's operations in Argentina.***

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In the past, Argentine tax laws have changed frequently and dramatically. In 2018, the government of Argentina introduced a decree imposing a temporary tax on all exports from Argentina. The tax was introduced as an emergency measure due to the significant peso devaluation during the year. In December 2019, the government of Argentina approved a law delaying a scheduled corporate tax rate decrease from 30% to 25% to the end of 2020 (after that the government submitted a bill in order to maintain the 30% rate until the end of 2021) and extending the temporary export tax introduced in September 2018 to the end of 2021. Furthermore, the decree suspended the increase in the dividend withholding tax from 7% to 13% until January 2021. Thereafter, the National Government submitted a bill by which it would permanently increase the corporate tax rate to 35% for certain types of companies and maintain the 7% rate for dividends (the bill was approved by the National Congress effective for fiscal year 2021).

*Since December 10, 2023, there is a new Government in Argentina led by President Javier Milei, a libertarian economist who won the election by mainly proposing that he would reduce the fiscal deficit, eliminate the inflation, dollarize the currency and make significant administration and fiscal reforms. Among the bills proposed for this latter purpose, in April 2024 the new Government sent to the Argentine Congress, for its legislative approval, a new regime providing incentives for large investments. This proposed regime (called RIGI) provides that for large investments, including the mining ones, of US \$200 million or more, the following incentives will apply: (i) reduction of income tax from 35% to 25%, (ii) suspension of the tax on distributed dividends if profits are retained in the first three years, (iii) cancellation of VAT with tax credit certificates, (iv) discount of personal assets tax on account of profits, (v) invitation to provinces and municipalities to adopt similar regimes, (vi) 0% tariff for imports, (vii) 0% export duties as from the third year, (viii) free availability of export proceeds abroad as from the third year (going from 20% the first year, 40% the second year and 100% from the third year) and (ix) fiscal stability for 30 years including taxes, FX regime and customs tariffs. The companies will have a two year term to adhere to the regime once enacted through a process detailed in the bill.*

Argentine federal, provincial and other local taxation authorities may apply tax rules and regulations in an inconsistent and unpredictable manner. In addition, tax rules and regulations may change over time. If any taxation authority takes a position or adopts an interpretation that differs from those adopted by Company, we could become subject to unanticipated tax liabilities and cost increases, which could negatively affect our financial condition and results of operations.

Argentina has also been subject to exchange controls and restrictions. In 2001 and 2002, following a run on the financial system triggered by the public's lack of confidence in the continuity of the convertibility regime that resulted in massive capital outflows, the government of Argentina introduced exchange controls and restrictions on the transfer of foreign currency in an attempt to prevent capital flight and a further depreciation of the Argentine peso. Several of those exchange controls and transfer restrictions were subsequently suspended or terminated. However, in June 2005, the government of Argentina established new controls on capital flows. From 2011 until December 2015, the government of Argentina increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. Regulations were introduced in 2012 that subjected certain foreign exchange transactions to prior approval by Argentine tax authorities or the Central Bank of Argentina. In August 2016, the government of Argentina eliminated all foreign exchange restrictions imposed since 2011. In September 2019 and in May and June 2020, the Central Bank of Argentina imposed further restrictions on foreign exchange transactions. To date, these controls and regulations have included, but are not limited to, a requirement that proceeds of exports be repatriated at the applicable exchange rate; restrictions on payment of dividends without the approval of the Argentinian Central Bank; and restrictions on debt from foreign lenders, unless such debt is brought into Argentina at the applicable exchange rate. The government of Argentina may expand these controls or introduce new restrictions.

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Changes in taxes, capital controls, and foreign exchange regulations in Argentina are beyond the Company's control. Increased tax rates, or the imposition of stricter capital controls or foreign exchange regulations and could increase the operating costs at the Diablillos Project, prevent or restrict exploration, development, and production at the Diablillos Project, and may constrain the Company's ability to receive distributions from its Argentine subsidiaries.

***Risk of nationalization of mining assets in Argentina***

In May 2012, the previous government of Argentina re-nationalized Repsol YPF SA, the country's largest oil and gas company. There can be no assurance that the government of Argentina will not nationalize other businesses operating in the country, including the business of the Company. If any portion of the Company's assets are expropriated or nationalized, there can be no assurance that the Company would receive payment equal to their fair market value. Nationalization of any of the Company's assets in Argentina could have a material adverse effect on the Company's business, operations, cash flows, and financial condition. The Company has not purchased any "political risk" insurance coverage and currently has no plans to do so.

***Changes in Argentinean environmental legislation could have adverse effects on our operations.***

The Company's exploration activities and future mining operations in Argentina are and will be subject to laws and regulations relating to the protection and remediation of the environment. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. These laws, regulations and the governmental policies for implementation of such laws and regulations change from time to time and are generally becoming more restrictive. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expenses or capital expenditure, or result in restrictions or delays in the Company's development plans.

***Title to Assets***

Searches of mining records are carried out in accordance with mining industry practices to confirm satisfactory title to properties in which the Company holds or intends to acquire an interest, but the Company does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of the properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which their properties are located, to ensure proper title to its properties and to properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title. There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests. In addition, third parties may dispute the rights of the Company to its respective mining and other interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that it will be successful in doing so.

### **Risks Related to the Business**

#### ***Negative Operating Cash Flow***

The Company had negative operating cash flow in its most recent interim financial period and financial year. The Company's ability to generate positive operating cash flow will depend on the Company's ability to commence production at its mining properties. To the extent the Corporation has negative cash flows in future periods, the Company may use a portion of its general working capital or seek additional equity financing to fund such negative cash flows. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all.

#### **Impact of Ongoing Conflicts**

We do not have any business operations in Israel, Ukraine or Russia. As the situation is changing rapidly, it is not possible to predict how the ongoing conflicts will affect global supply chains, commodity prices, the overall economic environment, or financial markets as the conflict has lasted longer than previously anticipated and could last for an extended period of time.

While the ongoing conflicts has not resulted in disruption of the Company's business, we are actively monitoring for any potential impacts arising from it. The continued risk surrounding the ongoing conflicts and any escalations may have a material adverse impact on our business, financial condition and results of operations.

## **12. FORWARD LOOKING STATEMENTS**

Certain of the statements made and information contained herein are considered "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- the impact of currency fluctuations in Argentina and Chile;
- the impact of increasing competition in gold, silver and copper business;
- unpredictable changes to the market prices for gold, silver and copper;
- exploration and development costs for its properties;

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- availability of additional financing or joint-venture partners;
- anticipated results of exploration activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A including, uncertainty due to the impact of ongoing conflicts, uncertainties relating to receiving mining and exploration permits in Argentina; volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral exploration; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and/or joint venture partners and unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

### **13. DISCLOSURE OF INTERNAL CONTROLS**

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

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

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

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

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**14. SUBSEQUENT EVENTS**

- On July 11, 2024, the Company announced that will hold its Annual General and Special Shareholder Meeting as a virtual meeting on September 18, 2024.
- On August 22, 2024, the Company issued 2,000 shares after 2,000 warrants were exercised at an exercise price of \$2.50 for net proceeds of \$5,000.