

## NOTICE TO READER

Please be advised that changes were made to the Company's unaudited interim condensed consolidated financial statements and management's discussion and analysis ("**MD&A**") for the periods ended June 30, 2022 and 2021, to include enhanced disclosures, to be compliant with certain provisions of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). Accordingly, changes have been made to clarify and provide additional and complete disclosure requirements, including:

- I. Updated the Statements of Financial Position to include comparative financial information for the immediately preceding financial year end as required by section 4.3(2)(a) of NI 51-102;
- II. Updated the Statements of Comprehensive Loss to include comparative financial information for the corresponding period of June 30, 2021 as required by section 4.3(2)(c) of NI 51-102;
- III. Updated the Statements of Changes in Shareholders' Equity to include comparative financial information for the corresponding period of June 30, 2021 as required by section 4.3(2)(b) of NI 51-102, and to disclose the issuance of 30,666,666 common shares pursuant to a private placement offering and not attributable to share-based payments;
- IV. Updated a Statement of Compliance in accordance with IAS 34 – Interim Financial Reporting as required by Part 3.2(1)(b)(ii) of NI 52-107- *Acceptable Accounting Principles and Auditing Standards* has been included; and
- V. Updated the correct number of Options outstanding as at June 30, 2022.

The previously filed unaudited interim condensed consolidated financial statements and MD&A for the financial periods in question were originally filed by the Company on SEDAR on August 29, 2022, with the financial statements subsequently refiled on September 20, 2022. Each of the Amended and Restated Unaudited Interim Condensed Consolidated Financial Statements and Revised MD&A replaces and supersedes the respective previously filed original unaudited interim condensed consolidated financial statements and related MD&A. There have been no other changes.

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**

**Revised Management's Discussion and Analysis**

**For the Six Months ended June 30, 2022**

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

The following Management's Discussion and Analysis ("**MD&A**") was revised on November 29, 2022 and constitutes the results of operations and financial condition of Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.) ("**Hercules Silver**", "**we**" or the "**Company**") as at and for the six months ended June 30, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's amended and restated unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2022 and 2021 (the "**Amended and Restated Q2 2022 Financials**"), and its consolidated financial statements for the years ended December 31, 2021 and 2020. The Amended and Restated Q2 2022 Financials and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise.

This MD&A also covers the subsequent period up to November 29, 2022.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "*Risk Factors*" section of this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what the Company management currently believes to be reasonable assumptions, the Company cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including without limitation, those mentioned in the Company's Filing Statement dated March 5, 2021 (the "**Filing Statement**"). The Company assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

### **Overview**

#### *Description of the Business*

The Company is engaged in the acquisition, exploration, and development of resource properties. The Company's principal asset is a 100% interest in the Hercules Silver Property (the "**Hercules Property**"), located in Washington County, Idaho in the United States. On November 29, 2021, the Company also acquired a 100% interest in the Leviathan Property (the "**Leviathan Property**"), immediately adjacent to the Hercules Property.

The Company is incorporated under the *Business Corporations Act* (Ontario) with its registered office located at 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, ON, M5X 1G5.

The Company was incorporated on January 25, 2018, as 2617283 Ontario Corp., before changing its name as Wolf Acquisition Corp ("**Wolf**") on February 23, 2018. On March 19, 2021, the Company completed its qualifying transaction as defined by Policy 2.4 of the TSX Venture Exchange (the "**TSX-V**"), with CX One Inc. ("**CX One**") and Frontera Gold Inc. ("**Frontera**") and changed its name from Wolf Acquisition Corp. to Bald Eagle Gold Corp (the "**Qualifying**

**Transaction**"). The Company amalgamated Frontera and CX One with its wholly-owned subsidiary 12590425 Canada Inc. forming a new subsidiary, BE Gold Inc.

On August 18, 2022, the Company filed articles of amendment to change its name from Bald Eagle Gold Corp. to Hercules Silver Corp. (the "**Name Change**"). The Name Change was approved by shareholders of the Company on July 15, 2022, to reflect the recent changes in the Company's business and exploration activities.

The Company's common shares are listed on the TSX-V under the symbol "BIG" and on the OTCQB® Venture Market under the symbol "BADEF".

### **Corporate Developments**

On January 25, 2022, the Company appointed Mr. Christopher Paul as Chief Executive Officer and as a director. Mr. Paul is a geologist with over 15 years of discovery and capital markets experience, in numerous senior exploration management roles. He is Principal and Founder at Ridgeline Exploration, which was acquired by Goldspot Discoveries Corp. ("**Goldspot**") in 2021. Mr. Paul has also been fundamental in significant copper and gold discoveries for Golden Ridge Resources Ltd. and Damara Gold Corp. He holds a B.Sc. in Geology from Simon Fraser University and Diploma in Mining from the British Columbia Institute of Technology.

On January 25, 2022, the Company also appointed Mr. Antoine Soucy-Fradette as Vice President of Exploration. Mr. Soucy-Fradette holds a B. Eng. in Geological Engineering from Laval University and brings strong precious metals experience to the Company, with previous success ranging from greenfield to brownfield exploration projects throughout Quebec, Ontario, the Yukon Territories and British Columbia.

On April 19, 2022, the Company appointed Dr. Tom Henricksen, Ph.D. to its board of advisors. Dr. Henricksen is an exploration geologist with five decades of field experience and was the 2018 recipient of the Association for Mineral Exploration of British Columbia's Colin Spence Award for Excellence in Global Mineral Exploration. Dr. Henricksen received this prestigious award in recognition of his outstanding contributions to mineral exploration, and for his involvement in a multitude of significant global discoveries over the course of his career. Dr. Henricksen holds a B.Sc. in Geology from the University of Wisconsin, and a Ph.D. in Economic Geology from Oregon State University.

On May 16, 2022, the Company appointed Mr. Luis da Silva as a director and as Chairman of the board of directors (the "**Board**"). Mr. da Silva is an experienced metals and mining executive and director having served as chief executive officer of listed companies and at a senior level in several multinational companies. Mr. da Silva has a proven track record in value creation for shareholders by forging relationships and managing complex entities with large international joint venture partners. Mr. da Silva is a graduate Mining Engineer from the Camborne School of Mines and received his M.B.A. from the Cranfield School of Management.

On May 31, 2022, the Company completed a non-brokered private placement 30,666,666 units (each a "**Unit**") of the Company at a price of \$0.075 per Unit for aggregate gross proceeds of approximately \$2,300,000 (the "**Offering**"). Each Unit consisted of one (1) common share and one (1) common share purchase warrant (each, a "**Warrant**"). Each Warrant is exercisable to purchase one additional common share at an exercise price of \$0.11 until May 31, 2024.

On July 15, 2022, shareholders of the Company approved an omnibus incentive plan (the "**Omnibus Incentive Plan**") providing for up to 20% of the Company's common shares (being 29,341,745 common shares, less common shares previously outstanding under the Stock Option Plan (as defined herein) and the RSU Plan (as defined herein)) to be issued as restricted share units ("**RSUs**") or incentive stock Options ("**Options**") to qualified directors, officers, employees and consultants of the Company ("**Eligible Participants**").

On July 29, 2022, Raymond Harari resigned as President and as a director of the Company.

On October 17, 2022, Mr. da Silva stepped down from his role as director and Chairman of the Board.

On November 1, 2022, the Company appointed Keith Li as its Chief Financial Officer, replacing Mr. Darren Collins. Mr. Li is an experienced Chartered Professional Accountant with over 15 years of corporate accounting, finance and financial reporting experience. He specializes in providing management advisory services, accounting and regulatory compliance services to both public and private companies. Mr. Collins remains as a director of the Company.

## **Mineral Properties**

### *Hercules Property*

The Hercules Property represents 4,246 acres consisting of one patented lode claim, 158 unpatented lode claims and approximately 1,165 acres of mineral rights owned in fee with attendant access, exploration, drilling mining and milling rights to 1,770 acres of surface. The Company has a 100% interest in the Hercules Property, subject to a 2% net smelter royalty. The Hercules Property is located on the northwestern shoulder of Cuddy Mountain, 200 kilometers northwest of Boise, Idaho. Cuddy Mountain is an uplifted and tilted fault block of accreted Mesozoic terrane about 19 kilometers across, which is characterized by open grassy slopes. Mineralization is hosted within a Triassic-Jurassic sequence of volcanics, volcanoclastics and carbonate rocks.

Highlights of the Hercules Property include:

- 6 target zones spanning 5.5 kilometers of geology favorable for shallow high-grade silver mineralization. Company plans to drill the project in 2022.
- Over 300 historical drill holes spanning 3.5 kilometers was input into a three-dimensional model, which was utilized to identify priority targets. Geological mapping, IP geophysics and sampling further refined drill targets. Historical drill intercepts and related disclaimers can be accessed from the Company's corporate presentation at [www.herculesilver.com](http://www.herculesilver.com).
- Historical drill-defined mineralization is open in multiple directions including at depth. Recent soil sampling programs by the company have identified potential extensions and new zones of mineralization.
- Located in Idaho, a stable and mining friendly jurisdiction. A 1969 agreement with the original landowner grants the company the right to drill, mine and mill on surface land covering approximately half of the project area.

### Technical Developments

On February 10, 2022, the Company filed a technical report, titled "Technical Report for the Hercules Silver Project, Washington County, Idaho, USA" (the "**Technical Report**"). The Technical Report was independently prepared for the Company by Mr. Donald E. Cameron, P.Geo, LG, SME-RM of Cameron Resource Consulting, LLC, an independent and "Qualified Person" under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. The Technical Report is dated February 9, 2022, with an effective date of November 15, 2021.

On February 28, 2022, the Company completed an extensive historical data compilation which comprised data relating to IP geophysics, soil geochemistry, geological mapping, and over 300 historical holes drilled from the period 1965 to 1988. The data was scanned from physical drill logs, maps and reports which were held in storage for over 30 years.

On March 9, 2022, the Company and Goldspot completed a three-dimensional ("**3D**") geological model for Hercules. The model incorporates the recently digitized historical exploration and drilling data. The results of the model enable the Company to visualize the geometry of the mineralization in 3D and assists with guiding our exploration drilling plans. 3D geological modelling was not historically completed by past operators.

On October 18, 2022, the Company reported that it has commenced the 3D IP survey and completed an extensive bedrock mapping and sampling program on the Property. The new mapping, completed by Specialised Geological Mapping Limited of the United Kingdom, has improved the Company's understanding of the nature and controls of silver mineralization on the Property.

On November 3, 2022, the Company announced that it has mobilized a low-impact, track-mounted reverse circulation drill rig to the Hercules Property to begin testing areas within the Frogpond and Hercules Adit Zones. Midnight Sun Drilling of Whitehorse, Yukon, has been contracted to carry out the program. The drill plan consists mostly of verification holes within the Frogpond and Hercules Adit Zones, as well as step-outs along the edges of the mineralized zones. The 2022 campaign will collect information on the nature of mineralization and ground conditions, in anticipation of a more advanced program anticipated to re-start in early spring. Results of the 2022 bedrock geochemical sampling, Terraspec alteration mapping, and 3D IP survey are pending and will allow for further insight into planning and target selection for the 2023 Phase II drill program.

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

*Leviathan Property*

The Leviathan Property claims are located immediately adjacent to the Hercules Property in the Heath Mining District of Washington County. The acquisition of the Leviathan Property is considered to be an expansion of the Hercules Property. The Leviathan Property claims are located immediately east of and adjoining to the existing Hercules Property mineral rights. Historical surface sampling on the Leviathan Property claims indicates that the silver (+/- lead-zinc) mineralization at Hercules Property extends onto the northern portion of the Leviathan Property, which provides the Company with additional targets to increase the overall strike length of the mineralized system. Significant copper mineralization is also present within the volcanic rocks at surface on the south side of the Leviathan Property, suggesting a potential porphyry copper system may be present at depth.

Numerous quartz porphyry plugs, believed to be Cretaceous in age, intrude the volcanic sequence in the southern half of Leviathan. A large intrusive complex associated with copper porphyry style mineralization occurs on the adjacent IXL prospect to the southeast. The intrusive complex present at the IXL prospect is interpreted to be genetically related to similar intrusive rocks on the Leviathan.

Technical Developments

On June 12, 2022, the Company completed its interpretation of 2021 soil sampling data, and reported a new 2-kilometer diameter copper soil anomaly, immediately adjacent to the CRD-style silver-lead-zinc mineralization on the Hercules Property. The size and grade of the newly discovered anomaly, which remains open under cover to the south, is consistent with a significant porphyry copper system that may have been a feeder system to the adjacent silver-rich CRD mineralization.

On August 31, 2022, the Company reported results of further infill and expansion sampling at its new copper-gold soil anomaly, which may represent a possible porphyry copper system. Select rock grab samples from within the anomaly have graded from nil to 246 g/t silver with 8.2% copper. The strong silver grades may be derived from skarn lenses within the volcanics or alternatively, may be related to the nearby Copper Cliff Mine, a copper-silver system historically mined by Noranda from the same volcanic formation located to the north of the Leviathan Property in the nearby town of Cuprum, ID2. The presence of intrusive rocks at surface, strong alteration and widespread copper oxide staining provides encouragement for a significant hydrothermal system. An extensive bedrock sampling program is now underway, collecting 2-meter chip samples from outcrops within various soil anomalies on the Property.

**Discussion of Operations**

*Six months ended June 30, 2022, and 2021*

	<b>Six Months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Expenses</b>		
Exploration and evaluation	\$ 159,904	\$ 303,250
General and administrative	540,192	795,530
Stock based compensation	217,600	25,663
Professional fees	317,965	316,335
Listing expense	-	958,959
Property acquisition expense	-	4,703,690
Foreign exchange	23,104	-
Interest income	(106)	(331)
<b>Loss and comprehensive loss</b>	<b>\$ 1,258,659</b>	<b>\$ 7,103,096</b>

The Company has currently yet to generate any revenues. During the six months ended June 30, 2022, the Company recorded a loss of \$1,258,659, as compared to a loss \$7,103,096 for the comparative period in 2021. The decrease in the loss is primarily due to the completion of the Qualifying Transaction in 2021, where professional fees incurred to affect the Qualifying Transaction, along with consulting fees, filing fees, required to engage in exploration and evaluation in year 2021. Since the completion of the Qualifying Transaction, the Company has incurred lower exploration and evaluation expenditures, and in general and administrative ("G&A") expenses.

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

As at June 30, 2022, the Company has not yet achieved profitable operations and expects to incur further losses. The Company intends to use proceeds from the Offering to achieve its business objectives.

The following provides a breakdown of the G&A expenses for the six months ended June 30, 2022, and 2021:

	<b>Six Months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Consulting fees	\$ 303,614	\$ 194,609
Filing fees	92,839	72,165
Office and general	28,939	27,232
Rent	-	12,000
Salaries and wages	-	198,137
Business development	114,800	291,387
	<b>\$ 540,192</b>	<b>\$ 795,530</b>

*Selected quarterly financial results*

The Company's selected financial information for the eight most recently completed quarters as at June 30, 2022 are as follows:

	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales revenue	-	-	-	-
Operating expenses	(677,002)	(581,657)	(492,740)	(683,866)
Net loss and comprehensive loss	(677,002)	(581,657)	(492,740)	(683,866)
Net loss per share – basic	(0.00)	(0.07)	(0.08)	(0.01)
Cash	2,959,597	1,440,059	1,835,699	1,056,336
Total assets	3,033,031	1,501,544	1,883,717	1,159,974

	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales revenue	-	-	-	-
Operating expenses	(860,544)	(6,242,552)	(478,364)	(208,348)
Net loss and comprehensive loss	(860,544)	(6,242,552)	(478,364)	(208,348)
Net loss per share – basic	(0.01)	(0.13)	(0.01)	(0.01)
Cash	1,521,533	2,430,802	691,421	1,662,166
Total assets	1,823,078	2,787,658	1,315,408	1,687,991

**Liquidity and Capital Resources**

As at June 30, 2022, the Company's cash balance was \$2,959,597 (December 31, 2021 – \$1,835,699) and it had sales tax recoverable of \$73,434 (December 31, 2021 - \$25,101), and prepaid expenses of \$nil (December 31, 2021 – \$22,917). The Company also had current liabilities of \$24,183 (December 31, 2021 – \$133,810) and a working capital of \$3,008,848 (December 31, 2021 – \$1,749,907).

As at June 30, 2022, the Company has not yet achieved profitable operations and expects to incur further losses. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company intends to use proceeds from equity financing to achieve its business objectives.

*Cash used in operating activities*

During the six months ended June 30, 2022, the Company incurred a net loss of \$1,258,659 (2021 – \$7,103,096). The net loss reflects the Company's costs related to professional fees and filing fees. Additional fees were incurred as part of exploration endeavors on the Hercules Property.

During the six months ended June 30, 2022, net cash used in continuing operating activities was \$1,176,102 (2021 – \$1,547,308) based upon a net loss of \$1,258,659 (2021 – 7,103,096), non-cash items of \$217,600 (2021 – \$5,657,596), offset by a decrease in working capital changes totaling to \$135,043 (2021 – decrease of \$101,808).

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

*Cash used in financing activities*

During the six months ended June 30, 2022, the Company completed the Offering for gross proceeds of \$2,300,000. Pursuant to the Offering, the Company issued to 30,666,667 Units at a price of \$0.075 per Unit. Each Unit was comprised of one common share and one Warrant.

*Cash used in investing activities*

During the six months ended June 30, 2022, the Company did not participate in any investing activities.

As of the date of this MD&A, the Company's does not have any material commitments. While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead costs and planned growth. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favorable to the Company. See "Risk Factors" below and "Cautionary Note Regarding Forward-Looking Statements" above.

**Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements as of the date of this MD&A.

**Transactions Between Related Parties**

Key management personal includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board and corporate officers.

Amounts included in director and officer fees/salaries relate to amounts paid or accrued to directors and officers in the current year. A director of the Company is also a partner at the law firm providing legal services to the Company during the three and six months ended June 30, 2022, and 2021.

As at June 30, 2022, no balance was owed to any officer and director of the Company, or to any entities associated with any insiders of the Company.

	Three Months ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
Salary and related fees	\$ 118,000	\$ 62,000	\$ 170,000	\$ 134,000
Legal services provided by law firm associated with a director	163,593	91,523	163,593	302,638
Stock-based compensation	11,975	25,663	217,600	25,663
	\$ 293,568	\$ 179,186	\$ 551,193	\$ 462,301

**Capital Management**

The capital structure of the Company consists of shareholders' equity. The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company makes adjustments to its capital structure upon approval from its Board, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the period. The Company does not presently utilize any quantitative measures to monitor its capital. There are no external restrictions on capital.

**Subsequent Events**

On June 4, 2022, an aggregate of 475,000 RSUs vested in accordance with their terms and the plan. On July 18, 2022, an aggregate of 475,000 common shares were issued as full and final settlement of the 475,000 RSUs.

On July 15, 2022, the shareholders of the Company approved the Omnibus Incentive Plan, providing for up to 20% of the Company's common shares (being 29,341,745 common shares, less common shares previously outstanding under the



**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

Stock Option Plan and the RSU Plan to be issued as RSUs or Options to Eligible Participants).

On July 27, 2022, the Board granted an aggregate of 4,000,000 RSUs and an aggregate of 3,500,000 Options be granted to certain Eligible Participants.

**Disclosure of Outstanding Share Data as of November 29, 2022**

As of the date of this MD&A, 149,183,729 Common Shares are issued and outstanding.

	<b>September 30, 2022</b>
Common shares outstanding	149,183,729
Options	9,490,000
Warrants	41,395,944
Restricted share units	4,650,000
	<b>204,719,673</b>

**Financial Risk Management**

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), fair value risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under policies approved by the Board. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

*Credit risk management*

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing to the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks. The Company does not hold any asset backed commercial paper. The maximum credit risk exposure of the financial assets is their carrying value.

*Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable of the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interest. The Company intends on fulfilling its obligations.

As of June 30, 2022, the Company had a cash balance of \$2,959,597 (December 31, 2021 – \$1,835,699) and non-cash current assets of \$73,434 (December 31, 2021 – \$25,101) to settle current liabilities of \$24,183 (December 31, 2021 – \$133,810).

*Market risk*

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

*Price risk*

The Company is exposed to price risk with respect to commodity prices. Price risk is remote since the Company is not a producing entity.

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

*Interest rate risk*

The Company has cash balances. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve-month period will not have a significant impact on the Company. The fair value of cash and accounts payable and accrued liabilities approximate carrying value due to the relatively short-term maturities of these instruments.

*Foreign exchange risk*

The Company is subject to foreign exchange risk as the Company has certain assets and liabilities, and makes certain expenditures, in US dollars exposing the Company to gains and losses due to fluctuations in the US dollar relative to the Canadian dollar. The Company does not hedge its foreign exchange risk.

*Fair value hierarchy*

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. IFRS 13 – Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022 and December 31, 2021, there are no financial instruments carried at fair value.

**Risk Factors**

The business and performance of the Company is highly speculative and there are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. The trends and risks which are likely to impact the Company's business and operations are referenced under "Cautionary Note Regarding Forward-Looking Statements".

**Disclosure of Internal Controls over Financial Reporting**

Hercules Silver's management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Company's financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the Company's audited 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 non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: (a) controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors and other readers should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

**Hercules Silver Corp. (formerly, Bald Eagle Gold Corp.)**  
Revised Management's Discussion and Analysis  
For the Six Months ended June 30, 2022  
(Canadian dollars except share amounts or stated otherwise)

---

**Management's Responsibility for Financial Information**

Management is responsible for all information contained in this MD&A. The Company's Amended and Restated Q2 2022 Financials have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this Revised MD&A is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the Amended and Restated Q2 2022 Financials and this Revised MD&A. The Board has approved the Amended and Restated Q2 2022 Financials and this Revised MD&A.