



**Management's Discussion and Analysis**

**For the Three and Nine Months Ended  
December 31, 2023**

**(Unaudited)**

(Expressed in Canadian dollars, except where indicated)

**Dated February 12, 2024**

**Silver Elephant Mining Corp.**

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

---



**Table Of Contents**

Profile And Strategy .....	1
Overall Performance And Outlook.....	2
Discussion Of Operations.....	3
Restatement .....	7
Summary Of Quarterly Results .....	9
Liquidity And Capital Resources.....	12
Off-Balance Sheet Arrangements .....	13
Related Party Transactions.....	13
Proposed Transactions.....	14
Critical Accounting Policies And Estimates .....	14
Changes In Accounting Standards.....	14
Capital Management.....	15
Fair Value Measurements And Financial Instruments .....	15
Additional Information .....	23

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Silver Elephant Mining Corp. (the "Company", "Issuer", "Silver Elephant" or "ELEF") and its subsidiaries' performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the fifteen months ended March 31, 2023 (the "Annual Financial Statements"), the accompanying unaudited condensed interim consolidated financial statements for the interim period ended December 31, 2023, both of which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the Company's Annual Information Form ("AIF"), dated August 1, 2023 (the "AIF"), all of which are available under the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca) For the purposes of this MD&A, "Financial Position Date" means December 31, 2023, "This Quarter" or "Current Quarter" means the three month period ended December 31, 2023, the "Prior Year Quarter" means the three month period ended December 31, 2022, "This Period" or "Current Period" means the nine month period ended December 31, 2023, and the "Prior Year Period" means the nine month period ended December 31, 2022. The information contained in this MD&A is current to February 12, 2024.

On December 30, 2022, the Company changed its financial year end from December 31 to March 31.

The information provided herein supplements but does not form part of the financial statements. Financial information is expressed in Canadian dollars, unless stated otherwise. All references to "\$" or "dollars" in this MD&A refer to Canadian dollars. References to "US\$" or "USD" in this MD&A refer to United States dollars. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. Information on risks associated with investing in the Company's securities are contained in the AIF.

### Profile and Strategy

The Company is incorporated under the laws of the province of British Columbia, Canada. The common shares without par value in the capital of the Company (the "Common Shares") are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ELEF" and on the Frankfurt Stock Exchange under the symbol "1P2N" and are quoted on the OTC Markets under the symbol "SILEF". The Company maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

On January 14, 2022, the Company's share capital was consolidated on the basis of one (1) new Common Share for each ten (10) old Common Shares (the "Consolidation"). All Common Share, warrant, option and per Common Share amounts have been retroactively adjusted.

On January 14, 2022, the Company completed a strategic reorganization of the Company's business through a statutory plan of arrangement (the "Spin-off Arrangement") under the Business Corporations Act (British Columbia), dated November 8, 2021. Pursuant to the Spin-off Arrangement, the common shares of the Company were consolidated on a 10:1 basis and each holder of common shares of the Company received in exchange for every 10 pre-consolidation common shares held: (i) one post-consolidation common share of the Company; (ii) one common share of Flying Nickel Mining Corp. ("Flying Nickel"); (iii) one common share of Nevada Vanadium Mining Corp. ("Nevada Vanadium"); and (iv) two common shares of Oracle Commodity Holding Inc. ("Oracle") (formerly Battery Metals Royalties Corp. ("Battery Metals")). Additional details of the Spin-off Arrangement are included in the section titled *Spin-off Arrangement And Transfer Of Assets*.

The Company is a mineral exploration stage company. The Company's projects are the Pulacayo Paca silver-lead-zinc property in Bolivia (the "Pulacayo Paca Project"), the El Triunfo gold-silver-lead-zinc project in Bolivia ("the Triunfo Project"), and the Gibellini vanadium property in Nevada, USA (the "Gibellini Project"). The Company also owns or holds 100% interests in each of the following projects: (a) the Ulaan Ovoo coal project located in Mongolia, and (b) the Chandgana Khavtgai and Tal coal projects, located in Mongolia; all of which have been fully impaired.

**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

**Overall Performance and Outlook**

The following highlights the Company's overall performance for the periods presented:

	Three Months Ended			Nine Months Ended		
	December 31, 2023 (\$)	December 31, 2022 (\$)	Change (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	Change (\$)
Net income (loss) for the period	486,501	(2,298,493)	2,784,994	(2,504,677)	(5,321,945)	2,817,268
Net income (loss) attributable to shareholders of the Company	604,279	(929,465)	1,533,744	(788,237)	(2,209,763)	1,421,526
Cash at end of period	1,247,399	1,036,295	211,104	1,247,399	1,036,295	211,104
Earnings (loss) per share attributable to shareholders of the Company – basic and diluted	0.02	(0.03)	0.05	(0.02)	(0.08)	0.06

Corporate Updates

- On April 19, 2023, the Company announced the appointment of Mr. Douglas M. Flett, J.D. to its board of directors. Mr. Flett has been a director of KWG Resource Inc. since 2006 and presently serves as Chairman of the Board. He has also been a director of Tartisan Nickel Corp. since 2006 and is a member of the compensation and audit Committees for both companies. He is a past president and a director of Fletcher Nickel Inc. and a past director of Debut Diamonds Inc. Mr. Flett graduated from the University of Windsor Law School in 1972 and was called to the (Ontario) Bar in 1974. He practiced law in his own corporate commercial law firm until 1996 when he retired from practising law for a career in the resource industry. He continues to be a member of the Law Society of Ontario. He has also completed the Rotman Institute of Corporate Directors SME Program.
- On April 24, 2023, the Company appointed Mr. Adrian Lupascu as the Company's VP of Exploration. Mr. Lupascu is a "Qualified Person" as defined in National Instrument 43-101 ("NI 43-101"). He holds a bachelor's degree in geological engineering and a master's degree in geochemistry. As an accomplished geologist and engineer, he has more than 20 years of experience in mining exploration and development for nickel platinum-group-metals, and other precious and base metals projects. Mr. Lupascu ceased to serve as the Company's VP of Exploration effective August 2, 2023.
- On May 15, 2023, the TSX issued confirmation that it has accepted the Company's intention to extend the terms of common share purchase warrants to purchase 960,000 common shares for an additional two years. The warrants were issued by the Company on May 20, 2020, with a three-year term, closing in two tranches, due to expire on May 1, 2023, and May 20, 2023. The warrants to purchase 463,800 common shares will have their expiry date extended to May 1, 2025 and warrants to purchase 496,200 common shares will have their expiry date extended to May 20, 2025.
- On July 6, 2023, the Company was ceased traded for failing to file its annual financial statements and management's discussion and analysis for the 15 months ended March 31, 2023. The Company filed its annual financial statements and management's discussion and analysis for the 15 months ended March 31, 2023, on August 3, 2023, and the cease trade order was lifted on August 4, 2023.
- On October 18, 2023, the Company appointed Jenna Virk as its Chief Legal Officer. Ms. Virk has been a practising lawyer in British Columbia since 2007 and has over 15 years of experience in corporate finance, securities and commercial law. She also brings with her prior experience as in house counsel for various organizations since 2015, including most recently serving as Director, Legal Affairs and Corporate Secretary of Lithium Americas Corp. She holds a Bachelor of Law from the University of British Columbia and a Bachelor of Business Administration from Simon Fraser University.

## Silver Elephant Mining Corp.

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

---



### Discussion Of Operations

#### Pulacayo Paca Project, Bolivia

The Company holds an interest in the Pulacayo Paca silver-lead-zinc project in Bolivia.

The Pulacayo Paca Project comprises seven mining concessions covering an area of approximately 3,560 hectares of contiguous areas centered on the historical Pulacayo mine and town site. The Pulacayo Paca Project is located 18 kilometers east of the town of Uyuni in the Department of Potosí, in southwestern Bolivia. It is located 460 kilometers south-southeast of the national capital of La Paz and 150 kilometers southwest of the City of Potosí, which is the administrative capital of the department. The Pulacayo Paca Project is fully permitted with secured social licenses for mining.

The Company's 2024 Pulacayo Paca Project objectives are:

- Complete a 3D geological model incorporating collected metadata;
- Design a drill program to test high priority targets identified through modeling and IP mapping; and
- Advance permitting for potential mining exploitation on the property.

On May 11, 2023, the Company reported chip and channel sampling assay results from the ongoing exploration at the Company's flagship Pulacayo-Paca silver project in Bolivia. A total of 120 samples were collected from three exploration priority target areas: Paca conglomerate zone, the Pulacayo San Leon tunnel, and the Rothschild zone (an area immediately northwest of Pulacayo's Tajo Vein system). Assays with significant silver were returned from many of the chip and channel samples taken at regular intervals in those areas.

The Company entered into a sales and purchase agreement dated September 11, 2023 (the "Silver Oxide SPA") with Andean Precious Metals Corp. ("APM") and its subsidiary (together "APM Group"), for the sale of up to 800,000 tonnes of silver-bearing oxide materials from the Company's Paca property, which, together with the Pulacayo property, comprises the Pulacayo Paca Project. In addition, the Company entered into a master services agreement dated September 11, 2023 (the "MSA") with APM Group to provide expertise in mining operations, community relations, logistics and access to technical and geological information, in exchange for APM Group agreeing to pay the Company an aggregate of \$6,628,500 (US\$5,000,000), of which \$1,636,632 (US\$1,200,000) was paid upon signing the MSA, and the remainder is payable as non-refundable cash payments, as follows:

- (a) \$2,386,260 (US\$1,800,000), payable in installments as described below;
- (b) \$1,988,550 (US\$1,500,000) before January 31, 2025; and
- (c) \$662,850 (US\$500,000) by January 31, 2026 (the "Final MSA Payment").

On January 30, 2024, the parties amended the MSA to: (1) extend the date for completion of certain permitting and other contractual milestones in respect of the Pulacayo Paca Project pursuant to which the APM Group paid a non-refundable extension fee of \$198,855 (US\$150,000) (the "MSA Extension Fee") to the Company; and, (2) to modify the second payment of \$2,386,260 (US\$1,800,000) under the MSA to provide for it to be payable in two equal installments of \$1,193,130 (US\$900,000) each in order for APM Group to proceed with additional purchases of threshold tonnage under the MSA as amended. APM Group has the right to offset the MSA Extension Fee from the Final MSA Payment.

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



The MSA also contemplates certain additional consideration will be payable by APM Group to Silver Elephant if the London Bullion Market Association silver spot price average (the "LBMA Average Spot Price") is above certain thresholds (such consideration, the "Additional Consideration") as follows:

- (a) A one-time payment of \$1,325,700 (US\$1,000,000) in cash where the LBMA Average Spot Price exceeds US\$28/oz in any given 260 trading day-interval during the term of the MSA; and
- (b) Another one-time payment of \$1,325,700 (US\$1,000,000) in cash where the LBMA Average Spot Price exceeds US\$32/oz in any given 150 trading day-interval during the term of the MSA,

provided that the Additional Consideration is subject to a maximum aggregate amount of \$2,651,400 (US\$2,000,000), and once any payment described under paragraphs (a) or (b) above is made, the applicable trading day-interval resets to zero for purposes of determining whether Additional Consideration is payable.

As at December 31, 2023, the Company has delivered 30,844 tonnes to APM Group under the Silver Oxide SPA.

#### Triunfo Project, Bolivia

The Triunfo Project area covers approximately 256 hectares located in the La Paz Department, which is located about 75 kilometers to the east of the city of La Paz, Bolivia. The Triunfo Project has access to power and water and is accessible by road year-round. The Triunfo Vendor maintains a positive relationship with the local community.

The Company's 2024 Triunfo Project objectives are to:

- Determine continuity of mineralization over the extended strike length of the property; and
- Ascertain the potential of a resource on the property.

#### Minago Project, Manitoba Canada

The Minago property is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt, approximately 107 kilometers north of the Town of Grand Rapids, Manitoba and 225 kilometres south of the City of Thompson, Manitoba. Provincial Highway 6 transects the eastern portion of the Minago property. The Minago Project is comprised of 94 mining claims and two mining leases.

As a result of the Spin-off Arrangement, the Company consolidated Flying Nickel from January 14, 2022 to September 30, 2023, the period for which the Company had de facto control over Flying Nickel. Effective October 1, 2023, the Company deconsolidated Flying Nickel (the "Flying Nickel Deconsolidation") as de facto control was lost, however, the Company still maintains significant influence over Flying Nickel, therefore has applied the equity method of accounting for Flying Nickel.

The Company recorded the carrying value of its investment in Flying Nickel at its fair value of \$5,509,915, resulting in a gain from deconsolidation of \$2,144,042. The fair value of the Company's investment in Flying Nickel is determined based on the net assets of Flying Nickel.

	\$
Balance, January 1, 2022 and March 31, 2023	-
Derecognition of net assets of Flying Nickel	24,834,035
Derecognition of non-controlling interest of Flying Nickel	(21,468,162)
Fair value gain from deconsolidation of Flying Nickel	2,144,042
	<b>5,509,915</b>
Proportionate share of losses	(68,028)
<b>Balance, December 31, 2023</b>	<b>5,441,887</b>

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

---



#### Gibellini Project, USA

The Gibellini vanadium project (the "Gibellini Project") is comprised of the Gibellini, Bisoni and Louie Hill vanadium deposits and associated claims located in the State of Nevada, USA.

#### Other Projects

The Company had a 100% interest in the Titan property (the "Titan Project"), a vanadium-titanium-iron project located in Ontario, Canada, which has been fully impaired since 2014.

On August 4, 2023, the Company divested its Titan Project in exchange for cash totaling \$231,000, and 13,283,801 common shares (the "Cachee Shares") of Cachee Gold Mines Corp. ("Cachee"), representing a 19.99% interest in Cachee. The Company attributed a value of \$199,257 for the Cachee Shares based on Cachee's net assets, which is included in *other non-current assets*. In addition, the Company retains a net smelter royalty (the "SE Titan NSR") on the Titan Project equal to 0.5% applicable after the commencement of commercial production if the V205 Vanadium Pentoxide Flake 98% price per pound exceeds US\$12 per pound. The SE Titan NSR may be purchased by the acquirer, Osprey Advanced Materials Corp. ("Osprey"), a subsidiary of Cachee, at any time for cash of \$500,000.

In addition, Oracle holds a 2% net smelter royalty (the "Oracle Titan NSR") on all mineral products produced from certain mineral claims and leases on the Titan Project after the commencement of commercial production if the V205 Vanadium Pentoxide Flake 98% price per pound exceeds US\$12. On August 4, 2023, Oracle granted Osprey, the right to acquire the Oracle Titan NSR at any time, for \$1,000,000 in cash. Osprey paid the Company \$5,000 as consideration for this right.

Under certain conditions, each of the SE Titan NSR and Oracle Titan NSR (together, the Titan NSRs) may be increased by 0.25% or a portion of each of the Titan NSRs reduced by up to \$500,000.

On September 8, 2023, the Company announced that it has successfully renewed the Detailed Environmental Impact Assessment license ("DEIA") required to restart its Ulaan Ovoo coal operations in Mongolia. The DEIA is subject to renewal by the Ministry of Environment every 5 years. The Company has held 100% rights to Ulaan Ovoo mineral claims and mining licenses in Mongolia since 2007. The Ulaan Ovoo project is fully impaired.

**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

Exploration and Evaluation Assets

The table below is a summary of the Company's exploration and evaluation assets:

	Bolivia		Canada	USA	Total (\$)
	Pulacayo Paca (\$)	Triunfo (\$)	Minago (\$)	Gibellini (\$)	
Balance, January 1, 2022	20,461,951	672,925	16,452,655	16,017,568	53,605,099
Contingent consideration	-	-	2,000,000	500,000	2,500,000
Licenses, tax and permits	-	69,390	373,740	462,922	906,052
Geological and consulting	843,490	368,948	-	760,989	1,973,427
Feasibility	-	-	1,183,974	-	1,183,974
Exploration and drilling	-	-	1,589,653	-	1,589,653
Royalties	-	-	-	272,941	272,941
Personnel, camp and general	995,951	63,907	376,296	21,840	1,457,994
Incremental cost related to Flying Nickel warrants	-	-	426,468	-	426,468
Foreign exchange	241,585	93,368	-	657,020	991,973
<b>Balance, March 31, 2023</b>	<b>22,542,977</b>	<b>1,268,538</b>	<b>22,402,786</b>	<b>18,693,280</b>	<b>64,907,581</b>
Licenses, tax and permits	147,510	2,989	132,917	118,407	401,823
Geological and consulting	96,606	-	-	12,735	109,341
Feasibility	-	-	47,297	-	47,297
Exploration and drilling	-	-	114,409	-	114,409
Royalties	-	-	-	269,962	269,962
Personnel, camp and general	272,637	1,444	174,005	34,398	482,484
Proceeds from MSA (note 9)	(1,534,343)	-	-	-	(1,534,343)
Deconsolidation of Flying Nickel	-	-	(22,871,414)	-	(22,871,414)
Foreign exchange	(81,925)	(25,059)	-	(385,200)	(492,184)
<b>Balance, December 31, 2023</b>	<b>21,443,462</b>	<b>1,247,912</b>	<b>-</b>	<b>18,743,582</b>	<b>41,434,956</b>



**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

**Restatement**

The Company identified an accounting error in relation to its prior year consolidated financial statements primarily due to the Spin-off Arrangement and related carrying value of Exploration and Evaluation Assets and Non-controlling Interests, and reclassifying the non-current portion of a promissory note to current, which have been corrected as noted below for December 31, 2022.

	Original December 31, 2022 (\$)	Restatement (\$)	Restated December 31, 2022 (\$)
<b>Assets</b>			
Current assets			
Cash	1,036,295	-	1,036,295
Receivables	225,259	-	225,259
Prepays	373,797	-	373,797
<b>Total current assets</b>	<b>1,635,351</b>	<b>-</b>	<b>1,635,351</b>
Non-current assets			
Restricted cash equivalents	92,000	-	92,000
Equipment	579,728	-	579,728
Exploration and evaluation assets	81,471,905	(19,233,728)	62,238,177
Buildings and structures	637,902	-	637,902
Land	3,724,577	-	3,724,577
<b>Total assets</b>	<b>88,141,463</b>	<b>(19,233,728)</b>	<b>68,907,735</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	3,478,730	-	3,478,730
Promissory note – current	340,262	3,714,347	4,054,609
Derivative liability	-	179,959	179,959
	3,818,992	3,894,306	7,713,298
Non-current liabilities			
Provision for closure and reclamation	2,037,731	-	2,037,731
Promissory note – non-current	3,714,347	(3,714,347)	-
<b>Total liabilities</b>	<b>9,571,070</b>	<b>179,959</b>	<b>9,751,029</b>
Shareholders' equity			
Share capital	216,955,668	1,207,372	218,163,040
Reserves	12,066,881	15,926,864	27,993,745
Deficit	(198,895,856)	(20,932,026)	(219,827,882)
Equity attributable to equity holders of parent	30,126,693	(3,797,790)	26,328,903
Equity attributable to non-controlling interests	48,443,700	(15,615,897)	32,827,803
<b>Total equity</b>	<b>78,570,393</b>	<b>(19,413,687)</b>	<b>59,156,706</b>
<b>Total liabilities and equity</b>	<b>88,141,463</b>	<b>(19,233,728)</b>	<b>68,907,735</b>

**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



The Consolidated Statement of Comprehensive Loss for the three months ended December 31, 2022 has also been restated as follows:

	Original Three Months Ended, December 31, 2022 (\$)	Adjustment 1 (\$)	Adjustment 2 (\$)	Adjustment 3 (\$)	Restated Three Months Ended, December 31, 2022 (\$)
<b>General and Administrative Expenses</b>					
Amortization	84,352	-	-		84,352
Consulting and management fees	243,285	-	-		243,285
Directors' fees	151,185	-	-		151,185
Insurance	46,932	-	-		46,932
Office and administration	294,377	-	(11,763)		282,614
Professional fees	305,921	-	-		305,921
Salaries and benefits	701,393	-	(179,749)		521,644
Share-based payments	659,797	-	-	91,806	751,603
Stock exchange and shareholder services	68,615	-	-		68,615
Travel and accommodation	45,909	-	-		45,909
	(2,601,766)	-	191,512	(91,806)	(2,502,060)
<b>Other items</b>					
Other income (expense)	347,658	(350,540)	19,555		16,673
Finance expense	(52,564)	-	-	4,143	(48,421)
Foreign exchange gain	368,340	-	-		368,340
Gain on fair value change in derivative liabilities	-	-	-	58,487	58,487
Loss from care and maintenance of coal properties	-	-	(191,512)	-	(191,512)
Government grant	19,555	-	(19,555)		-
<b>Net loss the period</b>	<b>(1,918,777)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,298,493)</b>
Other comprehensive loss					
Foreign currency translation	(48,733)	-	-	-	(48,733)
<b>Comprehensive loss for the period</b>	<b>(1,967,510)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,347,226)</b>
Net loss attributable to:					
Equity holders of the parent	(730,336)	(169,953)	-	(29,176)	(929,465)
Non-controlling interests	(1,188,441)	(180,587)	-	-	(1,369,028)
	<b>(1,918,777)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,298,493)</b>
Comprehensive loss attributable to:					
Equity holders of the parent	(753,127)	(195,895)	-	(29,176)	(978,198)
Non-controlling interests	(1,214,383)	(154,645)	-	-	(1,369,028)
	<b>(1,967,510)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,347,226)</b>
Basic and diluted loss per share attributable to equity holders of the parent	(0.03)	-	-	-	(0.03)
Basic and diluted weighted average number of shares outstanding	(0.03)	-	-	-	(0.03)

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



The adjustments are as follows:

- Adjustment 1 – reduce other income by \$159,342 relating to the correction of impairment of exploration and evaluation and \$191,198 relating to the correction of loss on debt settlement, totaling \$350,540. These corrections have now been corrected in the appropriate prior periods.
- Adjustment 2 – reclassify \$11,763 from office and administration to salaries and benefits, \$191,512 from salaries and benefits to loss from care and maintenance of coal properties and \$19,555 from government grant to other income.
- Adjustment 3 – recognize gain on fair value change in derivative liabilities of \$58,487 as it relates to the January 14, 2022 Options and January 14, 2022 Warrants (note 12), additional share-based payments expense of \$91,806 and finance expense of \$4,143.

The Consolidated Statements of Cash Flows for the nine months ended December 31, 2022 was not previously presented; only the Consolidated Statements of Cash flows for the twelve months ended December 31, 2022 was presented but not applicable for the purposes of these consolidated financial statements as result of the change in year end from December 31 to March 31.

### Summary Of Quarterly Results

Financial data for the three months ended March 31, 2022 have been restated (the "Q1 2022 Restatement") in this MD&A. The Q1 2022 Restatement was primarily to: 1) reverse the *Gain on transfer of spin-out of assets* of \$24,210,145 and *Loss from equity accounted investments* of \$692,749, recognize additional aggregate *General and administrative expenses* of \$2,664,371 and a *Recovery of flow through liability* of \$58,034 as the Spin-off Arrangement was considered a group reorganization which resulted in the Company still retaining control in, and consolidating Oracle, Flying Nickel and Nevada Vanadium; and 2) reclassify a *Fair value loss on marketable securities* and *Loss on Sale of Marketable Securities* totalling \$148,124 to equity, in accordance with IFRS 10 – Consolidated Financial Statements. Accordingly, net income attributable to shareholders of the Company for the three months ended March 31, 2022 was restated from \$22,521,833 to a net loss attributable to shareholders of \$2,086,247. Basic and diluted earnings per share attributable to shareholders of the Company for the three months ended March 31, 2022 was restated from \$1.15 and \$1.14 respectively, to a basic and diluted loss per share attributable to shareholders of \$0.11.

Financial data for the three months ended June 30, 2022 have been restated (the "Q2 2022 Restatement") in this MD&A. In addition to the effects from the Q1 2022 Restatement, the Q2 2022 Restatement was primarily to: 1) reverse *Impairment of NSR* of \$253,469 and *Impairment of exploration and evaluation asset* of \$83,553; 2) reclassify a *Gain on Sale of Marketable Securities* of \$1,490,195 to equity, in accordance with IFRS 10 – Consolidated Financial Statements; 3) Recognize a *Gain on derivative liability* of \$266,053; 4) reclassify *Loss on debt settlement* of \$1,431,873 to the Minago Project as an asset; 5) recognize a corresponding *Gain on settlement of contingent consideration* of \$568,126; 6) reduce *General and Administrative Expenses* by \$1,233,412, sale of hay by \$284,168 and *recovery of flow through liability* by \$58,034; and 7) reverse the *Reversal of gain on transfer of spin-out assets* of \$24,210,145, as this been adjusted for in the Q1 2022 Restatement. Accordingly, net loss attributable to shareholders of the Company for the three months ended June 30, 2022 was restated from \$24,780,523 to \$21,718. Basic and diluted loss per share attributable to shareholders of the Company for the three months ended June 30, 2022 was restated from \$0.85 to \$0.00.

Financial data for the three months ended September 30, 2022 have been restated (the "Q3 2022 Restatement") in this MD&A. In addition to the effects from the Q1 2022 Restatement and Q2 2022 Restatement, the Q3 2022 Restatement was primarily to: 1) reverse *Impairment of NSR* of \$679,374 and *Impairment of exploration and evaluation asset* of \$75,789; 2) reclassify a *Loss on Sale of Marketable Securities* of \$15,606,946 and *Loss on debt settlement* of \$906,072 to equity, in accordance with IFRS 10 – Consolidated Financial Statements; 3) Recognizing an additional *Foreign exchange loss* of \$490,611; 4) reduction in *General and Administrative Expenses* of \$245,632 and an increase in sale of hay and other income of \$230,904. Accordingly, net loss attributable to shareholders of the Company for the three months ended September 30, 2022 was restated from \$18,442,122 to \$1,258,580. Basic and diluted loss per share attributable to shareholders of the Company for the three months ended September 30, 2022 was restated from \$0.77 to \$0.05.

**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



The following tables summarize selected consolidated financial information prepared in accordance with IFRS for the eight most recently completed quarters:

Quarter Ending	Quarter Name	Net Income (Loss) for the Period Attributable to Shareholders of the Company (\$)	Basic Earnings (Loss) Per Share Attributable to Shareholders of the Company (\$)	Diluted Earnings (Loss) Per Share Attributable to Shareholders of the Company (\$)
December 31, 2023	Q3 2024	604,279	0.02	0.02
September 30, 2023	Q2 2024	(437,430)	(0.01)	(0.01)
June 30, 2023	Q1 2024	(955,086)	(0.03)	(0.03)
March 31, 2023	Q5 2023	(266,203)	(0.01)	(0.01)
December 31, 2022 (restated)	Q4 2023	(929,465)	(0.03)	(0.03)
September 30, 2022 (restated)	Q3 2023	(1,258,580)	(0.05)	(0.05)
June 30, 2022 (restated)	Q2 2023	(21,718)	(0.00)	(0.00)
March 31, 2022 (restated)	Q1 2023	(2,086,247)	(0.11)	(0.11)

Net income attributable to shareholders of the Company for the three months ended December 31, 2023 was \$604,279, and a net loss of \$117,778 was attributable to non-controlling interests for a total net income of \$486,501, as compared to a net loss of \$2,298,493 for the three months ended December 31, 2022. The Prior Year Quarter's net loss is comprised of \$929,465 attributable to shareholders of the Company and \$1,369,028 attributable to non-controlling interests.

Of note for the Current Quarter as compared to the Prior Year Quarter, are the following items:

- a general decrease in general and administrative expenses effective as of October 1, 2023 due to the Company no longer consolidating Flying Nickel, and instead accounting for Flying Nickel using the equity method of accounting. Accordingly, the Company recorded a loss on equity accounted investment of \$68,028 this quarter, compared to \$nil;
- an increase in amortization from \$84,352 to \$278,089, primarily relating to the Company's building and equipment in Nevada;
- salaries and benefits decreased to \$250,141, compared to \$521,644, mainly attributable to the deconsolidation of Flying Nickel and changes in salary allocations to various projects;
- share-based payments of \$200,584 compared to \$751,603. Share-based payments is a non-cash expense, and such expense is recognized in profit or loss over the vesting period of the underlying share purchase options granted to certain directors, officers, employees and consultants of the Company;
- a gain resulting from the deconsolidation of Flying Nickel of \$2,144,042 as discussed above;
- other income of \$228,533 this quarter compared to \$16,673 during the Prior Year Quarter. Current quarter amounts primarily relate to activities at the Company's Fish Creek Ranch in Nevada including the sale of hay;
- foreign exchange loss of \$32,649 compared to a gain of \$368,340. The Company has cash, accounts receivables, accounts payables and/or other foreign monetary items in US Dollars, Mongolian Tugriks and Bolivian Bolivianos which affects foreign exchange gains and losses as the applicable currency exchange rates fluctuate; and
- loss from care and maintenance of coal properties of \$243,306 this quarter, compared to \$nil in the Prior Year Quarter. The Current Quarter loss primarily arose from a change in estimate in the provision for closure and reclamation of the properties.

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



#### Variations Over the Quarters

Q2 2024 resulted in a net loss of \$1,290,378, mainly comprised of operating expenses totalling \$1,789,729, partially offset by amounts included in other income of \$392,091, which includes \$430,257 from the sale of the Titan Project partially offset with certain other expenses of \$38,166, and a gain of \$176,825 from the care and maintenance of the Company's coal properties in Mongolia.

Q1 2024 resulted in a net loss of \$1,700,800, mainly comprised of operating expenses totalling \$1,746,160, partially offset by amounts included in Other Items, including a gain on fair value of change in derivative liabilities of \$255,162 and a gain on fair value change in contingent consideration of \$71,984. Operating expenses this quarter included, but were not limited to, salaries and benefits of \$441,680, share-based payments of \$400,153, consulting and management fees of \$235,491.

Q5 2023 resulted in a net loss of \$963,408, mainly comprised of operating expenses totalling \$2,242,349 and foreign exchange loss of \$337,209, partially offset by other income of \$772,193, gain on fair value change in contingent consideration and liabilities of \$378,917 and gain from care and maintenance of coal properties of \$488,801. Operating expenses in Q5 2023 includes, but not limited to, salaries and benefits of \$744,779, share-based payments of \$619,567, professional fees of \$403,594, and consulting fees of \$247,358. Other income is mainly a result of \$560,571 in recovery of bad debts.

Q4 2023 resulted in a net loss of \$2,298,493, mainly comprised of operating expenses totalling \$2,502,060, partially offset by a foreign exchange gain of \$368,340. Operating expenses include salaries and benefits of \$521,644 and share-based payments of \$751,603. The Company, and its subsidiaries, Flying Nickel and Nevada Vanadium, granted share purchase options to certain of its directors, officers, employees and consultants. Share-based payments expense is recognized during the period in which the options vest.

Q3 2023 resulted in a net loss of \$2,675,528, mainly comprised of a foreign exchange loss of \$512,111 and higher operating expenses of \$2,246,092, including share-based payments of \$930,162. The Company, and its subsidiaries, Flying Nickel and Nevada Vanadium, granted share purchase options to certain of its directors, officers, employees and consultants. Share-based payments expense is recognized during the period in which the options vest.

Q2 2023 resulted in a net loss of \$347,925, primarily attributable to operating expenses totalling \$1,226,092, partially offset with fair value gains recognized in connection with certain liabilities to be settled with equity instruments relating to the Minago Project and Gibellini Project totalling \$834,179.

Q1 2023 resulted in a net loss of 3,453,776, primarily consisting of operating expenses totalling \$3,489,101, which includes \$1,363,009 in share-based payments, \$525,487 in advertising and promotion and \$443,535 in consulting and management fees. These costs were incurred to support the Company's activities resulting from the Spin-Off Arrangement.

#### Year to Date

Net loss attributable to shareholders of the Company for the nine months ended December 31, 2023 was \$788,237, and \$1,716,440 was attributable to non-controlling interests for a total net loss of \$2,504,677, as compared to a net loss of \$5,321,945 for the nine months ended December 31, 2022. The Prior Year Quarter's net loss is comprised of \$2,209,763 attributable to shareholders of the Company and \$3,112,182 attributable to non-controlling interests.

Of note for the Current Period as compared to the Prior Year Period, are the following items:

- a general decrease in general and administrative expenses effective as of October 1, 2023, due to the Company no longer consolidating Flying Nickel, and instead accounting for Flying Nickel using the equity method of accounting. Accordingly, the Company recorded a loss on equity accounted investment of \$68,028 this period, compared to \$nil;
- an increase in amortization from \$147,190 to \$357,561, primarily relating to the Company's building and equipment in Nevada;
- salaries and benefits of \$1,134,591 compared to \$885,449, with the increase mainly relating to the Company increasing administrative staff and changes in compensation;
- share-based payments of \$1,111,890 compared to \$2,093,014. Share-based payments is a non-cash expense, and such expense is recognized in profit or loss over the vesting period of the underlying share purchase options granted to certain directors, officers, employees and consultants of the Company;

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



- other income of \$586,766 this period compared to \$269,197 during the Prior Year Period. Current period amounts include a gain of \$119,803 from a sale of a parcel of land from the Company's Fish Creek Ranch, and other activities on the Fish Creek Ranch including the sale of hay, whereas Prior Year Period amounts is primarily comprised of hay sale from the Fish Creek Ranch;
- foreign exchange loss of \$50,664 compared to \$256,228. The Company has cash, accounts receivables, accounts payables and/or other foreign monetary items in US Dollars, Mongolian Tugriks and Bolivian Bolivianos which affects foreign exchange gains and losses as the currency exchange rates fluctuate;
- a gain from deconsolidation of Flying Nickel of \$2,144,042 as discussed above; and
- gain on fair value change in contingent consideration of \$nil compared to \$568,126. The Prior Year Period amount is in connection with certain derivative liabilities owed as a result of the initial acquisition of the Minago Project. This liability was settled during the fifteen months ended March 31, 2023.

### Liquidity And Capital Resources

The Company utilizes existing cash received from prior issuances of equity instruments to provide liquidity to the Company and finance exploration projects.

As at the Financial Position Date, the Company had a working capital deficiency of \$8,497,101 compared to \$6,356,704 at March 31, 2023.

On April 4, 2023, the Company announced the closing of the second and final tranche of its March 2023 unit private placement offering and issued 1,128,111 units at \$0.45 per unit for gross proceeds of \$507,650. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at \$0.55 per share for a period of three years. In connection with the closing, the Company issued 34,650 units as finder's fees. Each finder's unit consisted of one common share of the Company and one non-transferable share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for 3 years. Proceeds of the private placement were used for mineral project development and general working capital purposes.

On August 17, 2023, the Company closed a non-brokered private placement through the issuance of 639,999 units at a price of \$0.30 for gross proceeds of \$192,000. Each unit consists of one common share of the Company and one-half share purchase warrant with each whole warrant entitling the holder to purchase one additional share of the Company at a price of \$0.45 per share for 24 months. In connection with the closing, finder's fees of \$210.

Cash flow information:

	Nine Months Ended	
	December 31, 2023	December 31, 2022
	(\$)	(\$)
Cash used in operating activities	(2,154,116)	(4,499,203)
Cash used in investing activities	(284,277)	(7,900,272)
Cash from financing activities	2,181,623	7,485,538
Cash, end of the period	1,247,399	1,036,295

### Cash Flow Highlights

**Operating activities:** During the Current Period, the Company used \$2,154,116 in operating activities, compared to \$4,499,203 during the Prior Year Period. The variance is primarily attributable to changes in non-cash working capital and a decrease in general and administrative expenses, which reflect the effects of the Flying Nickel Deconsolidation.

**Investing activities:** During the Current Period, the Company used \$284,277 investing activities, compared to \$7,900,272 during the Prior Year Period. During the Current Period, the Company invested \$1,780,532 in its exploration and evaluation assets, received \$1,534,343 in connection with the MSA, sold the Titan Project for \$231,000 and other non cash consideration, and sold certain land

**Silver Elephant Mining Corp.**

## Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



holdings in Nevada for \$507,161. The Company also deconsolidated Flying Nickel on October 1, 2023, resulting in a cash decrease of \$776,249. During the Prior Year Period, the Company invested \$2,941,128 in its exploration and evaluation assets, acquired the Fish Creek Ranch, comprised of land for \$3,724,577, equipment for \$625,619, buildings and structures for \$657,277, and livestock for \$284,168, which was partially offset by \$332,497 received from the sale of livestock.

**Financing activities:** During the Current Period the Company received \$246,967 from share issuances, \$1,526,035 from subsidiary share issuances, \$720,707 in subsidiary subscription receipts, and \$212,765 from the sale of shares of Flying Nickel. These were partially offset with a loan repayment of \$508,571 in connection with the Fish Creek Ranch and lease payments of \$16,280 for the Company's Vancouver office. During the Prior Year Period, the Company received \$7,485,538 from financing activities, comprised of \$1,718,000 from share issuances, \$1,213,000 from subsidiary share issuances, \$3,752,400 as a loan from Cache Valley Bank for acquiring the Fish Creek Ranch, and \$812,149 from the sale of Flying Nickel shares, partially offset with lease payments of \$10,011 for the Company's Vancouver office.

As at the Financial Position Date, the Company had cash of \$1,247,399, and current liabilities of \$9,879,116. The Company will need to conduct additional financings to meet working capital requirements, and obligations as they become due.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Related Party Transactions**

The Company entered into a Mutual Management and Technical Services Agreement (the "MMTSA") with Flying Nickel commencing April 1, 2023, pursuant to which the companies have agreed to provide each other with general, technical and administrative services, as reasonably requested, on a fixed fee basis. The fixed fee is adjusted periodically to reflect the relative allocation of costs to each company.

During the nine months ended December 31, 2023, the Company had related party transactions with key management personnel who provide management and consulting services to the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include, but are not limited to, the CEO, CFO, COO, and executive and non-executive directors.

A summary of related party transactions is as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(\$)	(\$)	(\$)	(\$)
MMTSA fees charged by Flying Nickel, a company with certain directors and officers in common	169,756	-	169,756	-
MMTSA recoveries from Flying Nickel	(45,685)	-	(45,685)	-
Management fees to Linx Partners Ltd., a company controlled by John Lee, Director, CEO and Executive Chairman of the Company	105,000	105,000	315,000	315,000
Directors' fees	19,199	18,452	69,116	60,652
Salaries and benefits paid to key management of the Company	176,764	176,877	426,596	462,800
Share-based payments – John Lee	36,754	95,469	129,242	249,439
Share-based payments – directors	16,871	18,000	66,298	43,817
Share-based payments – former directors	134	36,117	17,662	104,776
Share-based payments – key management of the Company	26,897	40,840	61,686	159,549
	<b>505,690</b>	<b>490,755</b>	<b>1,209,671</b>	<b>1,396,033</b>

**Silver Elephant Mining Corp.**

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



The Company had balances due to related parties as follows:

	December 31, 2023 (\$)	March 31, 2023 (\$)
Payable to Flying Nickel	(1,780,658)	-
Directors' fees payable	(110,600)	(102,452)
	<b>(1,891,258)</b>	<b>(102,452)</b>

**Contingencies**

As at the Financial Position Date, \$558,786 (March 31, 2023 - \$558,236) was included in accounts payable and accrued liabilities in connection with a former employee's claim for severance.

**Proposed Transactions**

On October 6, 2022, Nevada Vanadium and Flying Nickel entered into an arrangement agreement, and as amended, pursuant to which Flying Nickel proposes to acquire all of the issued and outstanding common shares of Nevada Vanadium by way of a court-approved plan of arrangement (the "Merger Transaction").

Under the terms of the agreement, the Nevada Vanadium shareholders will receive one (1) (the "Exchange Ratio") Flying Nickel common share (a "Flying Nickel Share") for each Nevada Vanadium Share held immediately prior to the effective time of the Merger Transaction. All convertible securities of Nevada Vanadium outstanding immediately prior to the effective time of the Merger Transaction will be exchanged for securities of Flying Nickel bearing substantially the same terms as the securities replaced based on the Exchange Ratio. As at the date of this MD&A, the Merger Transaction remains in progress.

**Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation assets, assumptions used in determination of share-based payments, decommissioning, restoration and similar liabilities and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

**Changes in Accounting Standards**

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

*Classification of liabilities as current or non-current (amendments to IAS 1)*

The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement



## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

---



of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

#### *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. This amendment is not expected to have a material impact on the Company's financial statements.

#### *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

## Capital Management

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative returns on capital criteria for management. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors.

The properties in which the Company currently holds interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out exploration and development plans and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in management's approach to capital management during the period ended December 31, 2023. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

## Fair Value Measurements and Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs 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 are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and



Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. As at the Financial Position Date, there were no financial assets measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

The fair value of the Company's financial instruments including cash, receivables, and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments. Restricted cash equivalents included in other non-current assets is readily convertible into cash, and therefore its carrying value approximates fair value. The fair values of the Company's interest-bearing promissory note is determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at the Financial Position Date was assessed to be insignificant. Derivative liabilities and contingent liability are recorded at fair value based on the quoted market price at the end of each reporting period with changes in fair value through profit or loss. As at the Financial Position Date, the fair value of: 1) derivative liabilities is \$185,040 (March 31, 2023 - \$401,042), 2) contingent liability is \$157,464 (March 31, 2023 - \$215,951), and 3) promissory note is \$3,848,740 (March 31, 2023 - \$4,271,857). The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the period ended December 31, 2023.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at the Financial Position Date are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at the Financial Position Date, the Company had a cash balance of \$1,247,399 (March 31, 2023 – \$1,504,969) and accounts payable and accrued liabilities of \$3,885,616 (March 31, 2023 - \$3,807,809). Liquidity risk is assessed as very high.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk primarily associated with cash, restricted cash equivalents included in other non-current assets and receivables, net of allowances. The carrying amount of financial assets included on the statements of financial position represents the maximum credit exposure.

(c) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and restricted cash equivalents included in other non-current assets primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of the Financial Position Date. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.



(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has foreign exploration and development projects in the USA, Mongolia and Bolivia and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollars, Mongolian tugrik, and Bolivian boliviano into its reporting currency, the Canadian dollar.

(iii) Commodity and equity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The Company is also exposed to price risk with regards to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's derivative financial liability includes debts to be settled in common shares of Silver Elephant. A 10% increase or decrease in the market price of common shares of Silver Elephant or Flying Nickel has a corresponding effect on net loss and comprehensive loss of approximately \$19,000.

The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Sensitivity Analysis

A 1% change in interest rates is not expected to have a material effect on the Company's profit or loss and equity.

The Company has certain cash balances, receivables, accounts payables and the CVB Loan denominated in either the US Dollar, Mongolian Tugrik or Bolivian Boliviano (the "Foreign Currencies"), currencies other than the functional currency of Company. Based on the above, net exposures as at the Financial Position Date, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the Mongolian Tugrik would impact net loss and comprehensive loss with other variables unchanged by approximately \$18,000. A 10% strengthening (weakening) of the Canadian dollar against the Bolivian Boliviano would impact net loss and comprehensive loss with other variables unchanged by approximately \$12,000. A 10% strengthening (weakening) of the US Dollar against the Canadian Dollar would impact net loss with other variables unchanged by approximately \$475,000. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



## Outstanding Share Data

The Company has an authorized capital of an unlimited number of common shares without par value. The table below represents the Company's capital structure as at the dates presented:

	As at Date Of this MD&A	December 31, 2023
Common shares issued and outstanding	32,841,918	32,841,918
Share purchase options outstanding	3,231,500	3,231,500
Share purchase warrants	7,450,426	7,450,426

## Risks And Uncertainties

The Company's business is the exploration, evaluation and development of mining properties. Thus, the Company's operations are speculative due to the high-risk nature of its business. The following list details existing and future material risks to the Company. The risks listed below are not arranged in any particular order and are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Company. The realization of any of these risks may materially and adversely impact the Company's business, financial condition or results of operations and/or the market price of the Company's securities. Each of these risk factors is discussed in more detail under the heading "Key Information - Risk Factors" in the AIF, which is available under the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca).

- The COVID-19 global pandemic and the risk of other similar outbreaks and pandemics;
- The Company's history of net losses;
- Capital costs, operating costs, production, and economic returns;
- Exploration and development risks;
- The Company has no history of profitable mineral production;
- The risks inherent to the estimation of mineral reserves and mineral resources;
- Environmental risks;
- Foreign operations risks;
- The reform of the mining laws, including the General Mining Act of 1872 in the U.S.;
- Government approvals and permits;
- Risks associated with the Company's property and mining interests;
- Risks associated with the Company's mineral claims, mining leases, licenses and permits;
- Title risks;
- Risks associated with claims from First Nations and other Aboriginal or community groups;
- Risks associated with competition;
- Inherent risks;
- The Company's reliance on key personnel;
- The volatility of mineral prices,
- Currency fluctuations;
- Global, national and local financial conditions;
- Risks associated with third-party contractors;
- Anti-bribery legislation;
- Uninsured risks;
- The Company has no history of making dividend payments;
- Related party transactions;
- Litigation and regulatory proceedings;
- Cyber security risks;
- Risks associated with being a foreign private issuer;
- Risks associated with non-Canadian investors;
- Risks associated with the Company's operations in emerging markets; and

## Silver Elephant Mining Corp.

### Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)

---



- Emerging risks, as described below.

An emerging risk is a risk not well understood at the current time and for which the impacts on strategy and financial results are difficult to assess or are in the process of being assessed. Since December 31, 2019, the COVID-19 global pandemic, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, resulting in ongoing inflationary conditions in many countries. The duration and economic impact flowing from the COVID-19 pandemic is difficult to predict with accuracy at this time. As such, it is not possible to reliably estimate their impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

#### Capital Resources

As an exploration company, the Company has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. See the disclosure under the heading "*Key Information - Risk Factors*" in the AIF. To date, the principal sources of funding have been equity and debt financing. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing with favourable terms, or at all, for these or other purposes including general working capital purposes.

For the foreseeable future, as existing properties are explored, evaluated and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

The Company expects to continue requiring cash for operations and exploration and evaluation activities as expenditures are incurred while no revenues are generated. Therefore, its continuance as a going concern is dependent upon its ability to obtain adequate financing to fund future operations based on annual budgets approved by the Company's board of directors, consistent with established internal control guidelines, and programs recommended in the Pulacayo Technical Report. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the ongoing planned advancement of Pulacayo Paca Project milestones, the Company will continue to incur costs associated with exploration, evaluation and development activities, while no revenues are being generated. In response to the COVID-19 pandemic, exploration in Bolivia may be impacted by government restrictions on the Company's operations. Potential stoppages on exploration activities could result in additional costs, project delays, cost overruns, and operational restart costs. The total amount of funds that the Company needs to carry out its proposed operations may increase from these and other consequences of the COVID-19 pandemic. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "*Risk Factors*" in the 2023 AIF.

#### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There have been no changes in the Company's internal control over financial reporting during the current quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

#### Design of Internal Controls over Financial Reporting

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions, acquisition and disposition of assets and liabilities;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets, and incurrence of liabilities, that could have a material effect on the financial statements.

#### Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

#### SEC Voluntary Deregistration

The Company voluntarily registered its common shares under section 12(g) of the U.S. Securities Exchange Act of 1934 as amended (the "Exchange Act") in September 2018. However, as a cost saving measure and due to the fact that the Company has no current plans to list its common shares for trading on a national stock exchange in the United States, on January 18, 2024 the Company filed a Form 15 to voluntarily deregister its common shares with the U.S. Securities and Exchange Commission ("SEC"). Voluntary deregistration is expected to take effect within 90 days after the January 18, 2024 Form 15 filing date, unless the SEC otherwise objects to the deregistration. Upon the deregistration becoming effective, the Company will cease to be an SEC reporting company, and all reporting obligations under Section 12(b) of the Exchange Act will terminate.

In connection with the deregistration, the Company intends to file an application with OTC Markets to reinstate trading of its common shares on a higher tier of the OTC Markets as a foreign private issuer, in reliance upon the Company being current with its reporting obligations in Canada.

Although the Company currently has no reason to believe that the SEC will object to the deregistration, there is no certainty that deregistration of the common shares will become effective. Due to time constraints and limited financial resources, the Company was unable to prepare and file its Form 20-F, transition report and related documents for its change in financial year end from December 31, 2022 to March 31, 2023 (collectively, the "Past Due Filings") by the filing due date. This resulted in the Company becoming deficient with its SEC reporting obligations and the Company's common shares being downgraded by OTC Markets from the OTCQX to the Expert Market. Filing of the Form 15 immediately suspended all reporting obligations of the Company under Section 12(b) of the Exchange. However, if deregistration does not become effective for any reason, the Company will be required under U.S. securities laws to continue to prepare and file its Past Due Filings with the SEC. This in turn would be expected to continue to negatively impact the Company's common shares, liquidity and ability to conduct equity financings in the United States. In the unlikely event that this occurred, the Company intends to continue with preparing and filing the Past Due Filings as soon as time and financial resources allow, following which the Company would then apply to have its common shares reinstated for trading on a higher tier of the OTC Markets.



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

*Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of United States securities laws and "forward-looking information" within the meaning of Canadian securities laws and are intended to be covered by the safe harbors provided by such regulations (such forward-looking statements and forward-looking information are collectively referred to herein as "forward-looking statements"). These forward-looking statements concern anticipated developments in the Company's continuing and future operations in the United States, Canada, Bolivia and Mongolia, expectations regarding deregistration of the common shares of the Company with the SEC, the intention to reinstate the common shares on a higher tier of OTC Markets, and the adequacy of the Company's financial resources and financial projections.*

*Forward-looking statements in this MD&A are frequently, but not always, identified by words such as "expects", "anticipates", "intends", "believes", "estimates", "potentially" or similar expressions, or statements that events, conditions or results "will", "may", "would", "could" or "should" occur or are "to be" achieved, and statements related to matters which are not historical facts. Information concerning management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities may also be deemed to be forward-looking statements, as such information constitutes predictions based on certain factors, estimates and assumptions subject to significant business, economic, competitive and other uncertainties and contingencies, and involve known and unknown risks which may cause the actual results, performance, or achievements to be different from future results, performance, or achievements contained in the forward-looking statements. Such forward-looking statements include but are not limited to statements regarding the Company's planned and future exploration and/or development of any of the companies projects; permitting and feasibility of the Gibellini Project; ability to complete the Merger Transaction and on a timely basis; political instability and social unrest in Bolivia and other jurisdictions where the Company operates; the Company's goals regarding exploration, and development of, and production from its projects, and regarding raising capital and conducting further exploration and developments of its properties; approval by regulatory authorities and over-the-counter markets of filings or applications to deregister or upgrade the common shares to a higher tier; the Company's future business plans; the Company's future financial and operating performance; the future price of silver, lead, zinc, vanadium and other metals; expectations regarding any environmental issues that may affect planned or future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations; the ability to obtain or maintain any required permits, licenses or other necessary approvals for the exploration or development of the Company's projects; government regulation of mineral exploration and development operations in Bolivia and other relevant jurisdictions; the Company's reliance on key management personnel, advisors and consultants; the volatility of global financial markets; the timing and amount of estimated future operating and exploration expenditures; the costs and timing of the development of new deposits; the continuation of the Company as a going concern; the likelihood of securing project financing; the impacts of changes in the legal and regulatory environment in which the Company operates; the timing and possible outcome of any pending litigation and regulatory matters; any further impacts of COVID-19 resulting in shut-downs in countries where the Company operates, or disruptions to supply chains or availability of personnel, material or equipment; and other information concerning possible or assumed future results of the Company's operations, including: estimated future coal production at the Chandgana Tal, Ulaan Ovoo and Khavtgai Uul coal properties, and other information concerning possible or assumed future results of operations of the Company.*

*Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated and may be profitably produced in the future. Estimated values of future net revenue do not represent fair market value. There is no certainty that it will be commercially viable to produce any portion of the mineral resources.*

*Forward-looking statements are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including, among other things, the following: timely receipt of regulatory and governmental approvals (including licenses and permits) for the development, construction and production of the Company's properties and projects; there being no significant disruptions affecting operations, whether due to labour disruptions, COVID 19 or other causes; currency exchange rates being approximately consistent with current levels; certain price assumptions for silver, lead, zinc, vanadium and other metals; prices for and availability of fuel and electricity; parts and equipment and other key supplies remaining consistent with current levels and prices; production forecasts meeting expectations; the accuracy of the Company's current mineral resource estimates and of any metallurgical testing completed to date; labour and materials costs increasing on a basis consistent with the Company's current expectations; any additional required financing being available on reasonable terms; market developments and trends in global supply and demand for silver, lead, zinc, nickel, vanadium and other metals meeting expectations; favourable operating conditions; political stability; access to necessary financing; stability of labour markets and in market conditions in general; and*



*estimates of costs and expenditures to complete the Company's programs. The Company has no assurance that any of these assumptions will prove to be correct.*

*Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of the Company and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements. Furthermore, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from those reflected in the forward-looking statements, whether expressed or implied. Such factors include, among others, the following: the Company is an exploration stage company; the cost, timing and amount of estimated future capital, operating exploration, acquisition, development and reclamation activities; the volatility of the market price of the Common Shares; judgment of management when exercising discretion in the use of proceeds from offerings of securities; sales of a significant number of Common Shares in the public markets, or the perception of such sales, could depress the market price of the Common Shares; potential dilution with the issuance of additional Common Shares; none of the properties in which the Company has a material interest have mineral reserves; estimates of mineral resources are based on interpretation and assumptions and are inherently imprecise; the Company has not received any material revenue or net profit to date; exploration, development and production risks; no history of profitable mineral production; actual capital costs, operating costs, production and economic returns may differ significantly from those the Company has anticipated; foreign operations and political condition risks and uncertainties; legal and political risk; amendments to local laws; the ability to obtain, maintain or renew underlying licenses and permits; title to mineral properties; environmental risks; competitive conditions in the mineral exploration and mining business; availability of adequate infrastructure; the ability of the Company to retain its key management and employees and the impact of shortages of skilled personnel and contractors; limits of insurance coverage and uninsurable risk; reliance on third party contractors; the availability of additional financing on reasonable terms or at all; foreign exchange risk; impact of anti-corruption legislation; recent global financial conditions; changes to the Company's dividend policy; conflicts of interest; cyber security risks; litigation and regulatory proceedings; the obligations which the Company must satisfy in order to maintain its interests in its properties; the influence of third-party stakeholders; the Company's relationships with the communities in which it operates; human error; the speculative nature of mineral exploration and development in general, including the risk of diminishing quantities or grades of mineralization; and other risks and the factors discussed under the heading "Key Information - Risk Factors" in the 2023 AIF and in analogous disclosure in other disclosure documents of the Company available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). With respect to the Merger Transaction, see the Company's news releases of August 23 and October 5, 2022 on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) for a description of assumptions, estimates and risks concerning the Merger Transaction.*

*The foregoing list is not exhaustive and additional factors may affect any of the Company's forward-looking statements. Although the Company has attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward-looking statements, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended.*

*These forward-looking statements, may involve, but are not limited to, statements with respect to future events or future performance, the general performance of the assets of the Company, and the results of exploration, development and production activities as well as expansions projects relating to the properties of the Company. Such forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance, and business prospects and opportunities, are based on certain factors and assumptions, including, without limitation, management's perceptions of historical trends; current conditions; expected future developments; the ongoing operation of the properties of the Company; the accuracy of public statements and disclosures made by the operators of such underlying properties; no material adverse change in the market price of the commodities that underlie the asset portfolio; no adverse development in respect of any significant property of the Company; the accuracy of expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended, and involve known and unknown risks and uncertainties which may cause the actual results, performance, or achievements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements.*



## Silver Elephant Mining Corp.

Management's Discussion and Analysis

For the Three and Nine Months Ended December 31, 2023 (Unaudited)

(Expressed in Canadian dollars, except where indicated)



*The forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All forward-looking statements attributable to the Company are expressly qualified by these cautionary statements.*

### Additional Information

Additional information relating to the Company is on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

### General Corporate Information:

#### Head Office and Registered Office

Suite 1610 - 409 Granville Street,  
Vancouver, BC, Canada, V6C 1T2  
Tel: +1 (604) 569-3661

#### Odyssey Trust Company

350 - 409 Granville Street  
Vancouver, BC V6C 1T2  
Tel: +1 (604) 961-8633

### Investor and Contact Information

Financial reports, news releases and corporate information can be accessed by visiting the Company's website at: [www.silverelef.com](http://www.silverelef.com).

Investor & Media requests and queries can be emailed to: [ir@silverelef.com](mailto:ir@silverelef.com)

### Directors and Officers

As at the date of this MD&A, the Company's directors and officers are as follows:

#### Directors

John Lee, Chief Executive Officer and Executive Chairman  
Greg Hall  
Nigel Lees  
Douglas Flett

#### Officers

John Lee, Chief Executive Officer and Executive Chairman  
Andrew Yau, Chief Financial Officer  
Robert Van Drunen, Chief Operating Officer  
Jenna Virk, Chief Legal Officer  
Ronald Espell, Vice President, Environment and Sustainability  
Marion McGrath, Corporate Secretary  
Sara Knappe, Assistant Corporate Secretary



**Condensed Interim Consolidated Financial Statements  
(Unaudited)**

**For the Three and Nine Months Ended  
December 31, 2023**

**(Expressed in Canadian Dollars)**

**NOTICE OF NO REVIEW BY AUDITOR**

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three and nine months ended December 31, 2023, which follow this notice, have not been reviewed by an auditor.

**Silver Elephant Mining Corp.**

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)



	December 31, 2023 (\$)	March 31, 2023 (\$)
<b>Assets</b>		
Current assets		
Cash	1,247,399	1,504,969
Receivables (note 5)	27,520	440,982
Prepaid expenses	107,096	413,556
	1,382,015	2,359,507
Non-current assets		
Equipment (note 7)	88,501	436,678
Buildings and structures (note 8)	650,577	685,580
Land (note 6)	3,549,955	4,044,061
Exploration and evaluation assets (note 9)	41,434,956	64,907,581
Investment in Flying Nickel Mining Corp. (note 10)	5,441,887	-
Other non-current assets	266,321	143,811
<b>Total assets</b>	<b>52,814,212</b>	<b>72,577,218</b>
<b>Liabilities And Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	3,885,616	3,807,809
Due to related party (note 16)	1,780,658	-
Promissory note (note 11)	3,848,740	4,271,857
Other current liabilities (note 11, 13)	364,102	636,545
	9,879,116	8,716,211
Non-current liabilities		
Lease liability (note 11)	13,791	30,285
Provision for closure and reclamation (note 14)	2,109,398	2,022,335
<b>Total liabilities</b>	<b>12,002,305</b>	<b>10,768,831</b>
<b>Equity</b>		
Share capital (note 15)	219,568,237	219,321,270
Reserves (note 15)	29,694,964	28,958,228
Accumulated other comprehensive income (loss)	(82,832)	463,740
Deficit	(221,164,108)	(220,375,871)
Equity attributable to equity holders of parent	28,016,261	28,367,367
Equity attributable to non-controlling interests (note 16)	12,795,646	33,441,020
<b>Total equity</b>	<b>40,811,907</b>	<b>61,808,387</b>
<b>Total liabilities and equity</b>	<b>52,814,212</b>	<b>72,577,218</b>

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 25)

**Approved by the Board of Directors***"John Lee"*

John Lee – Director

*"Greg Hall"*

Greg Hall – Director

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Elephant Mining Corp.**

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)



	Three Months Ended		Nine Months Ended	
	December 31, 2023 (\$)	December 31, 2022 (\$) (Restated – Note 24)	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>General and administrative expenses</b>				
Amortization (note 7, 8 and 11)	278,089	84,352	357,561	147,190
Advertising and promotion	12,639	-	110,819	201,490
Consulting and management fees (note 17)	152,900	243,285	586,335	551,910
Director fees (note 17)	60,800	151,185	185,578	231,839
Insurance	30,239	46,932	125,728	133,214
Office and administration	184,159	282,614	371,136	399,481
Professional fees	159,497	305,921	558,869	962,982
Salaries and benefits (note 17)	250,141	521,644	1,134,591	885,449
Share-based payments (note 15)	200,584	751,603	1,111,890	2,093,014
Stock exchange and shareholder services	55,413	68,615	271,299	219,095
Travel and accommodation	13,853	45,909	120,397	148,990
	(1,398,314)	(2,502,060)	(4,934,203)	(5,974,654)
<b>Other items</b>				
Other income	228,533	16,673	586,766	269,197
Finance expense	(80,021)	(48,421)	(193,074)	(150,618)
Foreign exchange gain (loss)	(32,649)	368,340	(50,664)	(256,228)
Loss from equity accounted investment (note 10)	(68,028)	-	(68,028)	-
Gain from deconsolidation of Flying Nickel (note 10)	2,144,042	-	2,144,042	-
Gain from fair value change in contingent consideration (note 9)	-	-	-	568,126
Gain (loss) from fair value change in derivative liabilities (note 13 and 15)	(63,756)	58,487	272,149	320,041
Loss from care and maintenance of coal properties	(243,306)	(191,512)	(261,665)	(97,809)
<b>Net income (loss) for the period</b>	<b>486,501</b>	<b>(2,298,493)</b>	<b>(2,504,677)</b>	<b>(5,321,945)</b>
Other comprehensive loss:				
Foreign currency translation	(1,069,033)	(48,733)	(830,562)	(48,733)
<b>Comprehensive loss for the period</b>	<b>(582,532)</b>	<b>(2,347,226)</b>	<b>(3,335,239)</b>	<b>(5,370,678)</b>
Net income (loss) attributable to:				
Equity holders of parent	604,279	(929,465)	(788,237)	(2,209,763)
Non-controlling interest (note 16)	(117,778)	(1,369,028)	(1,716,440)	(3,112,182)
	<b>486,501</b>	<b>(2,298,493)</b>	<b>(2,504,677)</b>	<b>(5,321,945)</b>
Comprehensive loss attributable to:				
Equity holders of parent	(204,084)	(978,198)	(1,334,809)	(2,258,496)
Non-controlling interest (note 16)	(378,448)	(1,369,028)	(2,000,430)	(3,112,182)
	<b>(582,532)</b>	<b>(2,347,226)</b>	<b>(3,335,239)</b>	<b>(5,370,678)</b>
Basic and diluted earnings (loss) per share attributable to shareholders				
	0.02	(0.03)	(0.02)	(0.08)
Basic and diluted weighted average number of shares outstanding (note 15e)				
	32,841,918	27,172,561	32,510,973	26,176,540

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Elephant Mining Corp.**

Condensed Interim Consolidated Statements of Shareholders' Equity (Unaudited)

(Expressed in Canadian Dollars)



	Number of Shares	Share Capital (\$)	Reserves (\$)	AOCI <sup>1</sup> (\$)	Deficit (\$)	Total Shareholders' Equity (\$)	Non- Controlling Interest ("NCI") (\$)	Total (\$)
Balance April 1, 2022	24,321,994	215,052,586	27,601,702	-	(217,618,119)	25,036,169	30,054,745	55,090,914
Private placements	3,746,666	1,718,000	-	-	-	1,718,000	-	1,718,000
Finders' fees	86,400	(39,420)	-	-	-	(39,420)	-	(39,420)
Shares issued to settle liability (note 15)	1,267,145	1,431,874	-	-	-	1,431,874	-	1,431,874
Share-based payments ("SBP") (note 15)	-	-	3,456,023	-	-	3,456,023	-	3,456,023
Changes in NCI ownership	-	-	(3,063,980)	-	-	(3,063,980)	4,483,440	1,419,460
SBP – Flying Nickel	-	-	-	-	-	-	1,073,411	1,073,411
SBP – Nevada Vanadium	-	-	-	-	-	-	328,389	328,389
Net loss	-	-	-	-	(2,209,763)	(2,209,763)	(3,112,182)	(5,321,945)
<b>Balance, December 31, 2022 (restated, note 24)</b>	<b>29,422,205</b>	<b>218,163,040</b>	<b>27,993,745</b>	<b>-</b>	<b>(219,827,882)</b>	<b>26,328,903</b>	<b>32,827,803</b>	<b>59,156,706</b>
Balance, April 1, 2023	32,084,966	219,321,270	28,958,228	463,740	(220,375,871)	28,367,367	33,441,020	61,808,387
Shares issued to settle liability (note 15)	116,953	54,967	-	-	-	54,967	-	54,967
Private placements (note 16)	639,999	192,000	-	-	-	192,000	-	192,000
SBP (note 15)	-	-	391,985	-	-	391,985	-	391,985
Changes in NCI ownership (note 16)	-	-	344,751	-	-	344,751	2,076,850	2,421,601
Derecognition of NCI – Flying Nickel	-	-	-	-	-	-	(21,468,162)	(21,468,162)
SBP - Flying Nickel	-	-	-	-	-	-	393,565	393,565
SBP - Nevada Vanadium	-	-	-	-	-	-	352,803	352,803
Net loss	-	-	-	-	(788,237)	(788,237)	(1,716,440)	(2,504,677)
Other comprehensive loss	-	-	(546,572)	-	-	(546,572)	(283,990)	(830,562)
<b>Balance, December 31, 2023</b>	<b>32,841,918</b>	<b>219,568,237</b>	<b>29,694,964</b>	<b>(82,832)</b>	<b>(221,164,108)</b>	<b>28,016,261</b>	<b>12,795,646</b>	<b>40,811,907</b>

<sup>1</sup> Accumulated other comprehensive income (loss)

The accompanying notes are an integral part of these consolidated financial statements.

**Silver Elephant Mining Corp.**

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)



	Nine Months Ended	
	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Operating Activities</b>		
Net loss for the period	(2,504,677)	(5,321,945)
Items not involving cash:		
Amortization and accretion	357,561	147,190
Share-based payments	1,111,890	2,093,014
Gain from fair value change in derivative liabilities	(272,149)	(320,041)
Gain from fair value change in contingent consideration	-	(568,126)
Gain from sale of Titan Project (note 9)	(430,257)	-
Gain from sale of partial land (note 6)	(119,803)	-
Gain from deconsolidation of Flying Nickel Mining Corp.	(2,144,042)	-
Loss from equity accounted investment	68,028	-
Change in provision for closure and reclamation	261,665	-
Recovery of flow through liability included in other income	-	(74,190)
Finance expense	166,882	150,618
Unrealized foreign exchange	(380,278)	169,923
	(3,885,180)	(3,723,557)
Changes in non-cash working capital		
Accounts receivable	386,695	(163,372)
Prepaid expenses and reclamation deposits	160,454	9,307
Accounts payable and accrued liabilities	123,964	(621,581)
Due to related party	1,059,951	-
Cash used in operating activities	(2,154,116)	(4,499,203)
<b>Investing Activities</b>		
Exploration and evaluation assets	(1,780,532)	(2,941,128)
Net proceeds from MSA (note 9)	1,534,343	-
Net proceeds from sale of Titan Project (note 9)	231,000	-
Net proceeds from sale of partial land (note 6)	507,161	-
Deconsolidation of Flying Nickel Mining Corp.	(776,249)	-
Acquisition of land	-	(3,724,577)
Acquisition of equipment	-	(625,619)
Acquisition of buildings and structures	-	(657,277)
Acquisition of livestock	-	(284,168)
Sale of livestock	-	332,497
Cash used in investing activities	(284,277)	(7,900,272)

**Silver Elephant Mining Corp.**

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

**Condensed Interim Consolidated Statements of Cash Flows - continued**

	Nine Months Ended	
	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Financing Activities</b>		
Proceeds from share issuances	246,967	1,718,000
Proceeds from share issuance of subsidiaries	1,526,035	1,213,000
Subsidiary subscription receipts	720,707	-
Cash from promissory note (note 12)	-	3,752,400
Partial repayment of promissory note (note 12)	(508,571)	-
Sale of shares of subsidiary	212,765	812,149
Lease payments	(16,280)	(10,011)
<b>Cash from financing activities</b>	<b>2,181,623</b>	<b>7,485,538</b>
Effect of foreign exchange on cash	(800)	51,190
Decrease in cash	(257,570)	(4,862,747)
Cash, beginning of period	1,504,969	5,899,042
<b>Cash, end of period</b>	<b>1,247,399</b>	<b>1,036,295</b>
Supplemental cash flow information (note 19)		

The accompanying notes are an integral part of these consolidated financial statements.



## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

---



### 1. Description of Business and Nature of Operations

Silver Elephant Mining Corp. (the "Company" or "Silver Elephant") is incorporated under the laws of the province of British Columbia, Canada. The common shares of the Company are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ELEF" and on the Frankfurt Stock Exchange under the symbol "1P2N" and are quoted on the OTC Markets under the symbol "SILEF". The Company maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

The Company is a mineral exploration stage company. The Company's projects are the Pulacayo Paca silver-lead-zinc property in Bolivia (the "Pulacayo Paca Project"), and the El Triunfo gold-silver-lead-zinc project in Bolivia (the "Triunfo Project"). In addition, as the Company has de facto control over Flying Nickel Mining Corp. ("Flying Nickel") and Nevada Vanadium Mining Corp. ("Nevada Vanadium") (note 2(c)), by extension, the Gibellini vanadium property in Nevada, USA (the "Gibellini Project") and the Minago nickel property in Canada (the "Minago Project") are also included in the Company's exploration and evaluation assets. The Company ceased to have de facto control over Flying Nickel as at October 1, 2023, therefore Flying Nickel and its Minago Project were deconsolidated from the Company's financial statements as at October 1, 2023 (note 10). The Company also owns or holds 100% interests in each of the following projects: (a) the Ulaan Ovoo coal project located in Mongolia, and (b) the Chandgana Khavtgai and Tal coal projects, located in Mongolia; all of which have been fully impaired. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company's exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from commercial mining operations and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required.

At December 31, 2023 (the "Financial Position Date"), the Company had a working capital deficiency of \$8,497,101 (March 31, 2023 - \$6,356,704) and an accumulated deficit of \$221,164,108 (March 31, 2023 - \$220,375,871). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern and such adjustments could be material.

### 2. Basis Of Presentation

#### (a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the fifteen months ending March 31, 2023. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)



### 2. Basis Of Presentation - continued

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on February 12, 2024.

On December 30, 2022, the Company changed its financial year end from December 31 to March 31.

#### (b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

#### (c) Basis of Consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date that control ceases. All intercompany balances, transactions, income and expenses, and profits or losses are eliminated on consolidation.

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Entity	Location	Ownership Interest	Project
Apogee Minerals Bolivia SA	Bolivia	98%	Pulacayo Paca Project
ASC Bolivia LDC	Cayman	100%	n/a
ASC Bolivia LDC Sucursal	Bolivia	100%	Pulacayo Paca Project
ASC Holdings Limited	Cayman	100%	n/a
Chandgana Coal LLC	Mongolia	100%	Chandgana Project
Illumina Silver Bolivia S.A.	Bolivia	98%	n/a
Illumina Silver Mining Corp.	Canada	100%	Triunfo Project
Mega Thermal Coal Corp. (formerly Asia Mining Inc.)	Canada	100%	n/a
Prophecy Power Generation LLC	Mongolia	100%	n/a
Red Hill Mongolia LLC	Mongolia	100%	Ulaan Ovoo Project
Silver Elephant Bolivia S.A.	Bolivia	98%	n/a
UGL Enterprises LLC	Mongolia	100%	Ulaan Ovoo Project
Oracle Commodity Holding Corp. ("Oracle")	Canada	40%	n/a
Nevada Vanadium Mining Corp.	Canada	19.94%	n/a
Nevada Vanadium Holding Corp. <sup>1</sup>	Canada	19.94%	n/a
1104002 B.C. Ltd. <sup>1</sup>	Canada	19.94%	n/a
Nevada Vanadium LLC <sup>1</sup>	USA	19.94%	Gibellini Project
VC Exploration (US) Inc. <sup>1</sup>	USA	19.94%	n/a

<sup>1</sup> These entities are wholly owned subsidiaries of Nevada Vanadium, and the accounts are included in the consolidated financial statements of Nevada Vanadium.



## **2. Basis Of Presentation – continued**

De facto control exists in circumstances when an entity owns less than 50% voting rights in another entity but has control for reasons other than voting rights or contractual and other statutory means. These consolidated financial statements include the results of Oracle, Flying Nickel and Nevada Vanadium, and their subsidiaries as applicable, as management has determined that the Company has de facto control over these entities as the Company has the practical ability to direct the relevant activities of these entities and controls the Board of Directors for all periods presented.

As at the date of the Spin-off Arrangement (note 4), Oracle had a 41% ownership interest in Flying Nickel and a 46% ownership interest in Nevada Vanadium. As at the Financial Position Date, these ownership interests changed to 26% and 43% respectively, however, Oracle continued to have de facto control over these investees. Specifically, Oracle has 1) power over each of these investees, 2) exposure or rights to variable returns from its involvement with these investees, and 3) the ability to use its power over these investees to affect the amount of its returns from these investees. As a result, Oracle consolidates the accounts of Flying Nickel and Nevada Vanadium (and its subsidiaries) in its consolidated financial statements.

Similarly, as at the date of the Spin-off Arrangement and the Financial Position Date, the Company had a 40% ownership interest in Oracle. The Company has de facto control over Oracle since the Company has: 1) power over Oracle, 2) exposure or rights to variable returns from its involvement with Oracle, and 3) the ability to use its power over Oracle to affect the amount of its returns from Oracle. As a result, the Company consolidates the accounts of Oracle in its consolidated financial statements, which also includes the accounts of Flying Nickel and Nevada Vanadium (and its subsidiaries). Oracle ceased to have de facto control over Flying Nickel as at October 1, 2023, therefore Flying Nickel and its Minago Project were deconsolidated from the Company's financial statements as at October 1, 2023 (note 10).

### **(d) Use of Estimates and Judgments**

#### Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, and exploration and evaluation assets, assumptions used in determination of the fair value of share-based payments, decommissioning, restoration and similar liabilities and contingent liabilities.

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
For the Three and Nine Months Ended December 31, 2023  
(Expressed in Canadian Dollars except where noted)

---



### 2. Basis Of Presentation – continued

#### Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern and whether the Company has significant influence over other entities, classification of expenditures as exploration and evaluation expenditures or operating expenses, the classification of financial instruments and determining de facto control (note 2(c)).

### 3. Material Accounting Policy Information

#### (a) Changes in Accounting Policies

##### *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. This amendment did not have a material impact on the Company's financial statements.

##### *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. This amendment did not have a material impact on the Company's financial statements.

#### (b) Future Changes in Accounting Standards

##### *Classification of liabilities as current or non-current (amendments to IAS 1)*

The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)



### 3. Material Accounting Policy Information - continued

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2024, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 4. Spin-off Arrangement

On January 14, 2022, the Company completed a strategic reorganization of the Company's business through a statutory plan of arrangement (the "Spin-off Arrangement") under the Business Corporations Act (British Columbia), dated November 8, 2021. Pursuant to the Spin-off Arrangement, the common shares of the Company were consolidated on a 10:1 basis and each holder of common shares of the Company received in exchange for every 10 pre-consolidation common shares held: (i) one post-consolidation common share of the Company; (ii) one common share of Flying Nickel; (iii) one common share of Nevada Vanadium; and (iv) two common shares of Oracle (formerly Battery Metals Royalties Corp.).

As a result of the Spin-off Arrangement:

- i. certain intercompany royalties held by the Company were transferred to Oracle in exchange for the issuance of 1,785,430 Oracle shares;
- ii. the Minago Project was spun out, into Flying Nickel in exchange for the issuance of 50,000,000 Flying Nickel shares, and the assumption of certain liabilities related to the underlying assets;
- iii. and the Gibellini Project was spun out, into Nevada Vanadium in exchange for the issuance of 50,000,000 Nevada Vanadium shares, and the assumption of certain liabilities related to the underlying assets; and
- iv. Oracle purchased 22,953,991 of the outstanding shares of both Nevada Vanadium and Flying Nickel in exchange for the issuance of 78,214,570 Oracle shares to the Company.

In addition, as a result of the Spin-off Arrangement, each of the Company's option and warrant holders as at January 14, 2022, (a "Holder") is entitled to receive, upon exercise of each such warrant and option at the same original exercise price and in accordance with the terms of such warrant and option, one share of each of Flying Nickel and Nevada Vanadium; two shares of Oracle (collectively, the "Reserved Shares"); and one share of Silver Elephant.

### 5. Receivables

	December 31, 2023 (\$)	March 31, 2023 (\$)
Goods and services tax receivable	27,382	211,493
Other receivables	138	229,489
<b>Total</b>	<b>27,520</b>	<b>440,982</b>

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)



### 6. Fish Creek Ranch

On April 6, 2022, Nevada Vanadium acquired the Fish Creek Ranch property (“FCR”) located in Eureka County, Nevada USA for an aggregate purchase price of \$5,291,641 (US\$4,245,895). The Fish Creek Ranch is adjacent to the Gibellini Project, contains a part of the irrigation canal, and will provide support to the Gibellini Project in the form of water supply.

Nevada Vanadium obtained independent appraisals on land and buildings where land was valued at \$4,237,080 (US\$3,400,000) and buildings at \$747,720 (US\$600,000). An independent appraisal value of the machinery and equipment was estimated at \$711,705 (US\$571,100). Livestock was sold immediately after the acquisition for \$332,497 (US\$259,403). As a result, the total fair market value of acquired assets is \$6,019,773 (US\$4,830,503), which exceeds the total consideration paid of \$5,291,641 (US\$4,245,895).

The transaction was accounted for based on a “basket” purchase whereas the price is allocated based on relative fair value on individual assets. Using this approach, the assets were recorded as follows:

	(\$)
Buildings and structures (US\$527,385)	657,277
Land (US\$2,988,517)	3,724,577
Machinery and equipment (US\$501,983)	625,619
Livestock held for sale (US\$228,010)	284,168
	<b>5,291,641</b>

On September 21, 2023, Nevada Vanadium sold a parcel of land from the Fish Creek Ranch for gross proceeds of \$539,555 (US\$400,000), of which \$168,594 (US\$125,000) was used to partially repay the promissory note (note 12). In addition, the Company recognized a gain of \$119,803 (US\$89,280) related to this sale and included in other income. Transaction costs totaled \$32,394 (US\$24,018). The carrying amount of the land before disposal was \$419,752 (US\$310,720)

During the three and nine months ended December 31, 2023, Nevada Vanadium sold hay and cattle from the Fish Creek Ranch for income of \$111,749 and \$129,265 respectively (2022 - \$183,118 and \$567,355 respectively), which is included in other income.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**7. Equipment**

The following table summarizes the Company's equipment information as at the dates presented:

	Computer Equipment (\$)	Furniture and Equipment (\$)	Vehicles (\$)	Mining Equipment (\$)	FCR Equipment (\$)	Total (\$)
<b>Cost</b>						
Balance, January 1, 2022	101,928	278,845	254,395	24,476	-	659,644
Additions	-	-	55,669	11,862	659,355	726,886
Disposals	-	(2015)	(70,539)	(24,476)	(199,839)	(296,869)
Foreign exchange	-	-	1,683	359	19,927	21,969
<b>Balance, March 31, 2023</b>	<b>101,928</b>	<b>276,830</b>	<b>241,208</b>	<b>12,221</b>	<b>479,443</b>	<b>1,111,630</b>
Foreign exchange	-	-	(1,166)	(262)	(32,513)	(33,941)
<b>Balance, December 31, 2023</b>	<b>101,928</b>	<b>276,830</b>	<b>240,042</b>	<b>11,959</b>	<b>446,930</b>	<b>1,077,689</b>
<b>Accumulated Amortization</b>						
Balance, January 1, 2022	(101,928)	(265,828)	(172,226)	(13,137)	-	(553,119)
Amortization	-	(14,337)	(48,535)	(2,715)	(124,910)	(190,497)
Disposals	-	1,081	17,322	13,137	39,311	70,851
Foreign exchange	-	2,254	(592)	(82)	(3,767)	(2,187)
<b>Balance, March 31, 2023</b>	<b>(101,928)</b>	<b>(276,830)</b>	<b>(204,031)</b>	<b>(2,797)</b>	<b>(89,366)</b>	<b>(674,952)</b>
Amortization	-	-	(12,862)	(1,828)	(306,105)	(320,795)
Foreign exchange	-	-	(675)	(150)	7,384	6,559
<b>Balance, December 31, 2023</b>	<b>(101,928)</b>	<b>(276,830)</b>	<b>(217,568)</b>	<b>(4,775)</b>	<b>(388,087)</b>	<b>(989,188)</b>
<b>Net book value, March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>37,177</b>	<b>9,424</b>	<b>390,077</b>	<b>436,678</b>
<b>Net book value, December 31, 2023</b>	<b>-</b>	<b>-</b>	<b>22,474</b>	<b>7,184</b>	<b>58,843</b>	<b>88,501</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**8. Buildings and Structures**

The continuity of buildings and structures relating to the Fish Creek Ranch are as follows:

	(\$)
<b>Cost</b>	
Balance, January 1, 2022	-
Additions	692,720
Foreign exchange effect	20,937
<b>Balance, March 31, 2023</b>	<b>713,657</b>
Foreign exchange effect	(14,503)
<b>Balance, December 31, 2023</b>	<b>699,154</b>
<b>Accumulated Amortization</b>	
Balance, January 1, 2022	-
Amortization for the period	(27,254)
Foreign exchange effect	(823)
<b>Balance, March 31, 2023</b>	<b>(28,077)</b>
Amortization for the period	(21,341)
Foreign exchange effect	841
<b>Balance, December 31, 2023</b>	<b>(48,577)</b>
<b>Net book value, March 31, 2023</b>	<b>685,580</b>
<b>Net book value, December 31, 2023</b>	<b>650,577</b>



## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)



### 9. Exploration and Evaluation Assets

	Bolivia		Canada	USA	Total (\$)
	Pulacayo Paca (\$)	Triunfo (\$)	Minago (\$)	Gibellini (\$)	
Balance, January 1, 2022	20,461,951	672,925	16,452,655	16,017,568	53,605,099
Contingent consideration	-	-	2,000,000	500,000	2,500,000
Licenses, tax and permits	-	69,390	373,740	462,922	906,052
Geological and consulting	843,490	368,948	-	760,989	1,973,427
Feasibility	-	-	1,183,974	-	1,183,974
Exploration and drilling	-	-	1,589,653	-	1,589,653
Royalties	-	-	-	272,941	272,941
Personnel, camp and general	995,951	63,907	376,296	21,840	1,457,994
Incremental cost related to Flying Nickel warrants	-	-	426,468	-	426,468
Foreign exchange	241,585	93,368	-	657,020	991,973
<b>Balance, March 31, 2023</b>	<b>22,542,977</b>	<b>1,268,538</b>	<b>22,402,786</b>	<b>18,693,280</b>	<b>64,907,581</b>
Licenses, tax and permits	147,510	2,989	132,917	118,407	401,823
Geological and consulting	96,606	-	-	12,735	109,341
Feasibility	-	-	47,297	-	47,297
Exploration and drilling	-	-	114,409	-	114,409
Royalties	-	-	-	269,962	269,962
Personnel, camp and general	272,637	1,444	174,005	34,398	482,484
Proceeds from MSA (note 9)	(1,534,343)	-	-	-	(1,534,343)
Deconsolidation of Flying Nickel (note 10)	-	-	(22,871,414)	-	(22,871,414)
Foreign exchange	(81,925)	(25,059)	-	(385,200)	(492,184)
<b>Balance, December 31, 2023</b>	<b>21,443,462</b>	<b>1,247,912</b>	<b>-</b>	<b>18,743,582</b>	<b>41,434,956</b>

#### Pulacayo Paca Project, Bolivia

The Company holds an interest in the Pulacayo Paca silver-lead-zinc project in Bolivia.

The Pulacayo Paca Project comprises seven mining concessions covering an area of approximately 3,560 hectares of contiguous areas centered on the historical Pulacayo mine and town site. The Pulacayo Paca Project is located 18 kilometers east of the town of Uyuni in the Department of Potosí, in southwestern Bolivia. It is located 460 kilometers south-southeast of the national capital of La Paz and 150 kilometers southwest of the City of Potosí, which is the administrative capital of the department. The Pulacayo Project is fully permitted with secured social licenses for mining.

On September 11, 2023, the Company entered into a sales and purchase agreement with Andean Precious Metals Corp. ("APM") and its subsidiary (together "APM Group"), for the sale of up to 800,000 tonnes of silver-bearing oxide materials from the Company's Paca property, which, together with the Pulacayo property, comprises the Pulacayo Paca Project. In addition, the Company entered into a master services agreement (the "MSA") with APM Group to provide expertise in mining operations, community relations, logistics and access to technical and geological information, in exchange for APM Group agreeing to pay the Company an aggregate of \$6,628,500 (US\$5,000,000) as follows:

- (a) \$1,636,632 (US\$1,200,000) in cash and non-refundable on signing of the MSA (received);
- (b) \$2,386,260 (US\$1,800,000) in cash and non-refundable by January 31, 2024 (the "Second Payment") (note 25);

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
For the Three and Nine Months Ended December 31, 2023  
(Expressed in Canadian Dollars except where noted)

---



### 9. Exploration and Evaluation Assets - *continued*

- (c) \$1,988,550 (US\$1,500,000) in cash and non-refundable before January 31, 2025; and
- (d) \$662,850 (US\$500,000) in cash and non-refundable by January 31, 2026 (the “Final MSA Payment”).

In addition to the cash consideration, if the London Bullion Market Association silver spot price averages over (the “Additional Consideration”):

- (a) US\$28/oz in any given 260 trading day-interval during the term, then APM Group will pay Silver Elephant a one-time payment of \$1,325,700 (US\$1,000,000) in cash; and
- (b) US\$32/oz in any given 150 trading day-interval during the term, then APM Group shall pay Silver Elephant a one-time payment of \$1,325,700 (US\$1,000,000) in cash; provided that the Additional Consideration is subject to a \$2,651,400 (US\$2,000,000) maximum in aggregate, and once any payment described under (a) or (b) above is made, the applicable trading day-interval resets to zero to determine whether Additional Consideration is payable.

Subsequent to December 31, 2023, the MSA was amended as it relates to certain payment and other matters (note 25).

#### Triunfo Project, Bolivia

The Triunfo Project area covers approximately 256 hectares located in the La Paz Department, which is located about 75 kilometers to the east of the city of La Paz, Bolivia. The Triunfo Project has access to power and water and is accessible by road year-round.

#### Minago Project, Manitoba Canada

The Minago property is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt, approximately 107 kilometers north of the Town of Grand Rapids, Manitoba and 225 kilometres south of the City of Thompson, Manitoba. Provincial Highway 6 transects the eastern portion of the Minago property. The Minago Project is comprised of 94 mining claims and two mining leases.

On February 10, 2021, the Company acquired the Minago Project from Victory Nickel Inc. (“Victory Nickel”) by way of an Asset Purchase Agreement (the “VN APA”). Additionally, the Company agreed to issue to Victory Nickel \$2,000,000 (the “VN Contingent Consideration”) in Common Shares, upon the price of nickel exceeding US\$10 per pound for 30 consecutive business days, at any time before December 31, 2023 (the “VN Condition”).

On January 14, 2022, pursuant to the Spin-off Arrangement, Flying Nickel issued 50,000,000 common shares to the Company in consideration for the Minago Project and the assumption of certain liabilities related to the underlying assets.

The VN condition was met on February 23, 2022, and as a result, Victory Nickel and the Company mutually agreed that the Company should issue 1,267,145 shares with the fair value of \$2,000,000 on February 23, 2022, the date the VN condition was met. Therefore, a derivative liability of \$2,000,000 was recognized, with a corresponding increase to exploration and evaluation assets on February 23, 2022. Subsequently on April 8, 2022, the Company issued the 1,267,145 shares with the fair value of \$1,431,874 as of April 8, 2022 and transferred 45,392 shares of Flying Nickel with the fair value of \$9,759 as of April 8, 2022, to Victory Nickel, the aggregate of which settles the VN Contingent Consideration. Accordingly, the Company recognized a fair value gain of \$568,126 relating to the VN Contingent Consideration.

On October 1, 2023, the Minago Project was deconsolidated from the Company’s consolidated financial statements (note 10).

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
For the Three and Nine Months Ended December 31, 2023  
(Expressed in Canadian Dollars except where noted)

---



### 9. Exploration and Evaluation Assets - *continued*

#### Gibellini Project, USA

The Gibellini vanadium project (the “Gibellini Project”) is comprised of the Gibellini, Bisoni and Louie Hill vanadium deposits and associated claims located in the State of Nevada, USA.

On September 18, 2020, the company completed the acquisition of the Bisoni vanadium property situated immediately southwest of the Gibellini Project pursuant to an asset purchase agreement (the “Bisoni APA”) dated August 18, 2020, with Cellcube Energy Storage Systems Inc. (“Cellcube”). The Bisoni property comprised of 201 lode mining claims. As consideration for the acquisition of the Bisoni property under the Bisoni APA, the Company issued 4 million Common Shares (the “Bisoni APA Shares”) and paid \$200,000 cash to Cellcube. Additionally, subject to TSX approval, if, on or before December 31, 2023, the price of European vanadium pentoxide on the Metal Bulletin (or an equivalent publication) exceeds US\$12.00 a pound for 30 consecutive days, the Company will issue to Cellcube additional Common Shares with a value of \$500,000 calculated based upon the 5-day volume weighted average price of the Common Shares immediately following the satisfaction of the vanadium pentoxide pricing condition. This condition was potentially met on April 5, 2022, and derivative liabilities of \$500,000 was recognized, with a corresponding increase to exploration and evaluation assets. As at the Financial Position Date, these derivative liabilities were remeasured with a fair value of \$157,464 (note 13).

#### Titan Project, Canada

The Company had a 100% interest in the Titan property (the “Titan Project”), a vanadium-titanium-iron project located in Ontario, Canada, which has been fully impaired since 2014.

On August 4, 2023, the Company divested its Titan Project in exchange for cash totaling \$231,000, and 13,283,801 common shares (the “Cachee Shares”) of Cachee Gold Mines Corp. (“Cachee”), representing a 19.99% interest in Cachee. The Company attributed a value of \$199,257 for the Cachee Shares based on Cachee’s net assets, and is included in *other non-current assets*. In addition, the Company retains a net smelter royalty (“SE Titan NSR”) on the Titan Project equal to 0.5% applicable after the commencement of commercial production if the V205 Vanadium Pentoxide Flake 98% price per pound exceeds US\$12 per pound. The SE Titan NSR may be purchased by the acquirer, Osprey Advanced Materials Corp. (“Osprey”), a subsidiary of Cachee, at any time for cash of \$500,000.

In addition, Oracle holds a 2% net smelter royalty (the “Oracle Titan NSR”) on all mineral products produced from certain mineral claims and leases on the Titan Project after the commencement of commercial production if the V205 Vanadium Pentoxide Flake 98% price per pound exceeds US\$12. On August 4, 2023, Oracle granted Osprey, the right to acquire the Oracle Titan NSR at any time, for \$1,000,000 in cash. Osprey paid the Company \$5,000 as consideration for this right.

Under certain conditions, each of the SE Titan NSR and Oracle Titan NSR (together, the Titan NSRs) may be increased by 0.25% or a portion of each of the Titan NSRs reduced by up to \$500,000.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
 For the Three and Nine Months Ended December 31, 2023  
 (Expressed in Canadian Dollars except where noted)

**10. Investment in Flying Nickel Mining Corp.**

As a result of the Spin-off Arrangement (note 4), the Company consolidated Flying Nickel from January 14, 2022 to September 30, 2023, the period for which the Company had de facto control over Flying Nickel. Effective October 1, 2023, the Company deconsolidated Flying Nickel as de facto control was lost due to dilution. However, as the Company still maintains significant influence over Flying Nickel, it has applied the equity method of accounting for Flying Nickel.

The Company recorded the carrying value of its investment in Flying Nickel at its fair value of \$5,509,915, resulting in a gain from deconsolidation of \$2,144,042. The fair value of the Company's investment in Flying Nickel is determined based on the net assets of Flying Nickel.

	\$
Balance, January 1, 2022 and March 31, 2023	-
Derecognition of net assets of Flying Nickel	24,834,035
Derecognition of non-controlling interest of Flying Nickel	(21,468,162)
Fair value gain from deconsolidation of Flying Nickel	2,144,042
	<b>5,509,915</b>
Proportionate share of losses	(68,028)
<b>Balance, December 31, 2023</b>	<b>5,441,887</b>

**11. Right of Use Assets and Lease Liabilities**

The company leases its office in Vancouver, Canada and has recognized a right of use asset and lease liability accordingly. The incremental borrowing rate for lease liability initially recognized as at August 1, 2022 was 5.6%. Right of Use Assets is included in Other non-current assets and Lease liabilities is included other current liabilities and non-current lease liability.

	Right of use assets (\$)	Lease liabilities (\$)
<b>Balance, January 1, 2022</b>	-	-
Additions	61,700	(61,700)
Depreciation charge for the period	(13,711)	-
Lease payments for the period	-	13,974
Accretion expenses for the period	-	(2,111)
<b>Balance, March 31, 2023</b>	<b>47,989</b>	<b>(49,837)</b>
Depreciation charge for the period	(15,425)	-
Lease payments for the period	-	16,280
Accretion expenses for the period	-	(1,832)
<b>Balance, December 31, 2023</b>	<b>32,564</b>	<b>(35,389)</b>
Current portion		(21,598)
Non-current portion		(13,791)

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**12. Promissory Note**

In conjunction with the acquisition of Fish Creek Ranch on April 6, 2022 (note 6), Nevada Vanadium borrowed US\$3,000,000 (approximately \$3,752,400) in the form of a promissory note (the “CVB Loan”) from Cache Valley Bank (“CVB”). The CVB Loan is secured by the equipment, buildings and structures, and land and water rights of Fish Creek Ranch. The CVB Loan bears a simple interest of 5.5% per annum and is repayable in full upon CVB’s demand. If no demand is made by CVB, the CVB loan is repayable in installments as follows:

	(\$)
April 6, 2023 (US\$251,045) (paid)	339,977
September 22, 2023 (US\$125,000) (paid)	168,594
April 6, 2024 (US\$251,045)	332,810
April 6, 2025 (US\$251,045)	332,810
April 6, 2026 (US\$251,045)	332,810
April 6, 2027 (US\$2,539,784)	3,366,993
	<b>4,873,994</b>

The CVB Loan is accounted for using the effective interest rate method, utilizing an implied interest rate of 5.27%. The continuity of the CVB Loan is as follows:

	(\$)
Balance, January 1, 2022	-
Initial recognition of CVB Loan	3,752,400
Finance expense	206,030
Foreign exchange	313,427
<b>Balance, March 31, 2023</b>	<b>4,271,857</b>
Payments	(508,571)
Finance expense	165,050
Foreign exchange	(79,596)
<b>Balance, December 31, 2023</b>	<b>3,848,740</b>

During the three and nine months ended December 31, 2023 the Company accrued finance expense of \$53,548 and \$165,050 respectively (2022 - \$48,421 and \$150,618 respectively) related to the CVB Loan.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**13. Other Current Liabilities**

	December 31, 2023 (\$)	March 31, 2023 (\$)
Derivative liabilities – options (note 15c)	69,840	218,642
Derivative liabilities – warrants (note 15d)	115,200	182,400
	185,040	401,042
Derivative liabilities – contingent liability (note 9)	157,464	215,951
Lease liability	21,598	19,552
<b>Total other current liabilities</b>	<b>364,102</b>	<b>636,545</b>

As the Company did not have sufficient shares of Flying Nickel to fulfill the potential obligations of the January 14, 2022 Options and January 14, 2022 Warrants and as described in note 15c and 15d, the Company recognized derivative liabilities relating to the Flying Nickel shares that may potentially need to be transferred relating to the January 14, 2022 Options and January 14, 2022 Warrants as follows:

	\$
Balance, January 1, 2022	-
Recognition	815,951
Gain on change in fair value	(414,909)
<b>Balance, March 31, 2023</b>	<b>401,042</b>
Gain on change in fair value	(216,002)
<b>Balance, December 31, 2023</b>	<b>185,040</b>

**14. Provision for Closure and Reclamation**

The Company's closure and reclamation costs consists of costs accrued based on the current best estimate of mine closure and reclamation activities that will be required at the Ulaan Ovoo site upon completion of mining activity. These activities include costs for earthworks, including land re-contouring and re-vegetation, water treatment and demolition. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third-party specialist.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**14. Provision for Closure and Reclamation - continued**

Management used a risk-free interest rate of 2.95% at the Financial Position Date (March 31, 2023 – 3.15%) in preparing the Company's provision for closure and reclamation. Although the ultimate amount of reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is \$8,425,000 (March 31, 2023 - \$8,600,000) over the next 18.25 years from the Financial Position Date. The cash expenditures are expected to occur over a period of time extending several years after the projected mine closure of the mineral properties.

	(\$)
Balance, January 1, 2022	2,037,731
Change in estimate	(370,977)
Accretion	215,117
Foreign currency translation	140,464
<b>Balance, March 31, 2023</b>	<b>2,022,335</b>
Change in estimate	(16,284)
Accretion	59,696
Foreign currency translation	43,651
<b>Balance, December 31, 2023</b>	<b>2,109,398</b>

**15. Share Capital**

## (a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares. At the Financial Position Date, the Company had 32,841,918 (March 31, 2023 – 32,084,966) common shares issued and outstanding.

On January 14, 2022, the Company's share capital was consolidated on the basis of one (1) new share for each ten (10) old shares. All common share, warrant, option and per share amounts have been retroactively adjusted.

## (b) Equity issuances

During the nine months ended December 31, 2023

On April 24, 2023, the Company issued 116,953 shares with a fair value of \$54,968 to settle \$54,967 in directors' fees owing to certain directors.

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

---



### 15. Share Capital - continued

On August 17, 2023, the Company closed a non-brokered private placement through the issuance of 639,999 units at a price of \$0.30 for gross proceeds of \$192,000. Each unit consists of one common share of the Company and one-half share purchase warrant with each whole warrant entitling the holder to purchase one additional share of the Company at a price of \$0.45 per share for 24 months. In connection with the closing, finder's fees of \$210 were paid. The proceeds from private placements that include warrants are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants (the "Residual Method"). Based on the Residual Method, the fair value of the warrants is \$nil.

#### During the fifteen months ended March 31, 2023

On March 16, 2022, the Company issued 187,049 bonus shares with a fair value of \$1.26 per common share to the company's directors, officers, employees, and consultants valued at \$235,682.

On April 8, 2022, the Company issued 1,267,145 shares to settle liability related to the Minago Project (note 9). The fair value of the shares issued was \$1,431,874.

On August 24, 2022, the Company closed a non-brokered private placement through the issuance of 640,000 units at a price of \$0.50 for gross proceeds of \$320,000. Each unit consists of one common share of the Company and one-half share purchase warrant with each whole warrant entitling the holder to purchase one additional share of the Company at a price of \$0.65 per share for 36 months. In connection with the closing, the Company issued 10,800 Units as finder's fees. Based on the Residual Method, the fair value of the warrants is \$nil.

On December 5, 2022, the Company closed a private placement for gross proceeds of \$1,384,500. Pursuant to the closing, the Company issued an aggregate of 3,076,666 Units. Each Unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for 36 months from Closing. In connection with the Closing, the Company issued 75,600 Units and paid \$4,620 in cash as finders' fees. The proceeds will be used for the Company's mineral project development and for general working capital purposes. Based on the Residual Method, the fair value of the warrants is \$nil.

On December 9, 2022, the Company closed the final tranche of its December 2022 private placement for gross proceeds of \$13,500. An aggregate of 30,000 units were issued. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for 36 months from the closing date. In connection with the final tranche of the December 2022 private placement, the Company paid \$945 in cash as finders' fees. Based on the Residual Method, the fair value of the warrants is \$1,050.

On March 22, 2023, the Company closed the first tranche of its March 13, 2023, private placement for gross proceeds of \$675,000. An aggregate of 1,500,000 units were issued. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for three years from the closing date. No finders' fees were paid in connection with the first tranche closing. Based on the Residual Method, the fair value of the warrants is \$nil.



**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**15. Share Capital - continued**

On March 31, 2023, the Company closed the second and final tranche of its March 13, 2023 private placement. The Company issued 1,128,111 units for aggregate gross proceeds of \$507,650. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for 3 years. In connection with the closing, an aggregate of 34,650 units were issued by the Company to eligible finders as finders' fees. Each finder's unit consists of one common share of the Company and one non-transferable share purchase warrant with each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.55 per share for 3 years. Based on the Residual Method, the fair value of the detached warrants is \$nil.

A total of 10,000 share purchase warrants with an exercise price of \$2.60 were exercised for total proceeds of \$26,000.

**(c) Share-based compensation plan**

The Company has a 10% rolling equity-based compensation plan in place, as approved by the Company's shareholders on September 10, 2021 (the "2021 Plan"). Under the 2021 Plan the Company may grant stock options, bonus shares or stock appreciation rights. All stock options and other share-based awards granted by the Company, or to be granted by the Company, since the implementation of the 2021 Plan will be issued under, and governed by, the terms and conditions of the 2021 Plan. The stock option vesting terms are determined by the Board of Directors on the date of grant with a maximum term of 10 years.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2022	1,577,750	3.00
Granted	1,805,000	0.55
Expired	(227,000)	3.81
Cancelled	(724,500)	1.48
<b>Balance, March 31, 2023</b>	<b>2,431,250</b>	<b>1.54</b>
Granted	1,304,500	0.32
Expired	(98,750)	3.01
Cancelled	(405,500)	1.98
<b>Balance, December 31, 2023</b>	<b>3,231,500</b>	<b>0.95</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)


**15. Share Capital - continued**

The following table summarizes the stock options outstanding as at the Financial Position Date.

Exercise Price (\$)	Options Outstanding		Options Exercisable		
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	
0.27	1,019,500	4.72	169,917	4.72	
0.43	280,000	3.99	116,667	3.99	
0.51	180,000	4.32	67,500	4.32	
0.57	1,015,000	3.65	592,083	3.65	
2.00	104,875	0.58	104,875	0.58	
2.20	118,125	1.34	118,125	1.34	
2.60	415,000	2.73	415,000	2.73	
3.70	15,000	2.40	15,000	2.40	
4.40	54,000	0.84	54,000	0.84	
5.00	30,000	1.63	30,000	1.63	
	<b>3,231,500</b>	<b>3.68</b>	<b>1,683,167</b>	<b>3.09</b>	

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on the historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted for the periods presented are as follows:

For the nine months ended, December 31, 2023

Grant Date	Number of Share Options	Stock Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Expected Fair Value Per Option (\$)	Total Fair Value (\$)
September 18, 2023	1,019,500	0.31	0.27	105%	3.92%	5.0	-	0.25	254,875
April 24, 2023	285,000	0.54	0.51	107%	2.97%	5.0	-	0.43	122,550

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**15. Share Capital - continued**

For the fifteen months ended, March 31, 2023

Grant Date	Number of Share Options	Stock Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
December 28, 2022	310,000	0.41	0.43	108%	3.27%	5.0	-	0.32	99,200
August 25, 2022	1,260,000	0.63	0.57	107%	3.11%	5.0	-	0.50	630,000
June 1, 2022	235,000	0.59	0.61	105%	2.86%	5.0	-	0.46	108,100

As a result of the Spin-off Arrangement, each holder of the Company's stock options (the "January 14, 2022 Options") as at January 14, 2022, is entitled to receive, upon exercise of each such option at the same original exercise price and in accordance with the terms of such option, one share of each of Flying Nickel and Nevada Vanadium; two shares of the Oracle and one share of Silver Elephant. This is deemed a modification to the original stock options. As at January 14, 2022, there were 1,463,250 January 14, 2022 Options outstanding.

As a result of this modification and in accordance with *IFRS 2 Share-based Payment*, the incremental fair value of the January 14, 2022 Options totaled \$2,556,442 of which \$1,368,938 was recognized in the statement of loss during the fifteen months ended March 31, 2023. The weighted average fair value of these January 14, 2022 Options is \$3.65

The fair values of the January 14, 2022 Options immediately before and after the modification is determined based on the key assumptions as follows:

**Before modification**

Entity	Number of Share Options	Share Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Weighted Average Fair Value Per Option (\$)	Total Fair Value (\$)
Silver Elephant	1,463,250	2.80	2.00-5.00	77%-155%	0.55%-1.49%	0.41-4.70	-	1.90	2,783,123

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)


**15. Share Capital - continued**
**After modification**

Entity	Number of Share Options	Share Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Weighted Average Fair Value Per Option (\$)	Total Fair Value (\$)
Silver Elephant	1,463,250	2.80	2.00-5.00	77%-155%	0.56%-1.54%	0.41-4.69	-	1.90	2,781,806
Flying Nickel	1,463,250	0.70	-	96%-136%	0.56%-1.54%	0.41-4.69	-	0.70	1,024,275
Nevada Vanadium	1,463,250	0.40	-	99%-116%	0.56%-1.54%	0.41-4.69	-	0.40	585,300
Oracle	2,926,500	0.32	-	101%-123%	0.56%-1.54%	0.41-4.69	-	0.32	936,480

As the Company did not have sufficient shares of Flying Nickel to fulfill the potential obligations of the January 14, 2022 Options, the Company recognized derivative liabilities relating to the Flying Nickel shares that may potentially need to be transferred relating to January 14, 2022 Options (note 13). As at the Financial Position Date, \$69,840 (March 31, 2023 - \$218,642) relating to 582,000 (March 31, 2023 - 1,150,747) Flying Nickel shares from the January 14, 2022 Options has been included in derivative liabilities. At the Financial Position Date, these derivative liabilities were measured based on the following assumptions: 582,000 options (March 31, 2023 - 1,150,747), \$0.12 price per share (March 31, 2023 - \$0.19) and \$nil exercise price (March 31, 2023 - \$nil). The other assumptions of expected price volatility, risk free interest rate, expected life and expected dividend yield typically included in the Black-Scholes Option Pricing Model have no impact to the fair value calculation of the derivative liability due to the exercise price being \$nil. The fair value of the derivative liability is \$69,840 as at the Financial Position Date (March 31, 2023 - \$218,642).

## (d) Warrants

The continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance, January 1, 2022	1,469,480	2.50
Issued	6,170,427	0.56
Expired	(499,480)	3.83
Exercised	(10,000)	2.60
<b>Balance, March 31, 2023</b>	<b>7,130,427</b>	<b>0.70</b>
Issued	319,999	0.45
<b>Balance, December 31, 2023</b>	<b>7,450,426</b>	<b>0.69</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)  
For the Three and Nine Months Ended December 31, 2023  
(Expressed in Canadian Dollars except where noted)



**15. Share Capital - continued**

As of the Financial Position Date, the following warrants were outstanding:

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price (\$)
May 1, 2025 <sup>1</sup>	1.33	463,800	1.60
May 20, 2025 <sup>1</sup>	1.39	496,200	1.60
August 25, 2025	1.65	325,400	0.65
December 5, 2025	1.93	3,152,266	0.55
December 9, 2025	1.94	30,000	0.55
March 22, 2026	2.22	1,500,000	0.55
March 31, 2026	2.25	1,162,761	0.55
August 17, 2026	2.63	319,999	0.45
	<b>1.98</b>	<b>7,450,426</b>	<b>0.69</b>

<sup>1</sup> On May 15, 2023, these warrants were extended by 2 years; the date presented is post-extension. There is no change to the fair value as the Company's accounting policy for detached warrants from unit financings is the Residual Method.

As a result of the Spin-off Arrangement, each holder of the Company's warrants (the "January 14, 2022 Warrants") as at closing on January 14, 2022, is entitled to receive, upon exercise of each such warrant at the same original exercise price and in accordance with the terms of such warrant, one share of each of Flying Nickel and Nevada Vanadium; two shares of Oracle and one share of Silver Elephant. As at January 14, 2022, there were 1,447,814 January 14, 2022 Warrants outstanding.

As a result of this modification and in accordance with *IFRS 2 Share-based Payment*, the incremental fair value relating to the January 14, 2022 Warrants totaled \$476,470, of which \$426,468 was allocated to Exploration and Evaluation Assets (Minago Project) and \$50,002 to share capital. The weighted average fair value of these January 14, 2022 Warrants is \$2.23. As at January 14, 2022, 335,406 warrants that were subject to IFRS 2.

The fair values of the January 14, 2022 Warrants immediately before and after the modification is determined based on the key assumptions as follows:

Before modification

Entity	Number of Share Warrants	Share Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Weighted Average Fair Value Per Warrant (\$)	Total Fair Value (\$)
Silver Elephant	335,406	2.80	2.60-4.76	78%-82%	0.56%-1.10%	0.69-1.07	-	0.48	161,488

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)


**15. Share Capital - continued**
After modification

Entity	Number of Share Warrants	Share Price (\$)	Exercise Price (\$)	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Weighted Average Fair Value Per Warrant (\$)	Total Fair Value (\$)
Silver Elephant	335,406	2.80	2.60-4.76	78%-82%	0.56%-1.15%	0.68-1.07	-	0.48	160,341
Flying Nickel	335,406	0.70	-	99%-104%	0.56%-1.15%	0.68-1.07	-	0.70	234,784
Nevada Vanadium	335,406	0.40	-	100%-104%	0.56%-1.15%	0.68-1.07	-	0.40	134,162
Oracle	670,812	0.32	-	84%-105%	0.56%-1.15%	0.68-1.07	-	0.32	214,660

The Company's accounting policy for proceeds from private placements that include warrants are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants. The remaining 1,112,408 January 14, 2022 Warrants were from unit private placements which were each comprised of a share and warrant component, with no remaining value attributed to the warrant component.

As the Company did not have sufficient shares of Flying Nickel to fulfill the potential obligations of the January 14, 2022 Warrants, the Company recognized derivative liabilities relating to the Flying Nickel shares that may potentially need to be transferred relating to January 14, 2022 Warrants (note 13). As at the Financial Position Date, \$115,200 (March 31, 2023 - \$182,400) relating to 960,000 (March 31, 2023 - 960,000) Flying Nickel shares from the January 14, 2022 Warrants has been included in derivative liabilities. At the Financial Position Date, these derivative liabilities were measured based on the following assumptions: 960,000 warrants (March 31, 2023 - 960,000), \$0.12 price per share (March 31, 2023 - \$0.19), and \$nil (March 31, 2023 - \$nil) exercise price. The other assumptions of expected price volatility, risk free interest rate, expected life and expected dividend yield typically included in the Black-Scholes Option Pricing Model have no impact to the fair value calculation of the derivative liability due to the exercise price being \$nil. The fair value of the derivative liability is \$115,200 as of the Financial Position Date (March 31, 2023 - \$182,400).

## (e) Loss per Share

	Three Months Ended		Nine Months Ended	
	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)
Basic loss per share attributable to equity holders of parent	0.02	(0.03)	(0.02)	(0.08)
Diluted loss per share attributable to equity holders of parent	0.02	(0.03)	(0.02)	(0.08)
<b>Loss for the period attributable to equity holders of parent</b>	<b>604,279</b>	<b>(929,465)</b>	<b>(788,237)</b>	<b>(2,209,763)</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)


**15. Share Capital - continued**

	Three Months Ended		Nine Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Shares outstanding, beginning of period	32,841,918	26,239,939	32,084,966	24,321,994
Effect of shares issued for share offerings	-	3,182,266	756,952	3,833,066
Effect of shares issued to settle liability	-	-	-	1,267,145
<b>Basic weighted average number of shares outstanding</b>	<b>32,841,918</b>	<b>29,422,205</b>	<b>32,841,918</b>	<b>29,422,205</b>
Effect of dilutive share options	-	-	-	-
Effect of dilutive warrants	-	-	-	-
<b>Diluted weighted average number of shares outstanding</b>	<b>32,841,918</b>	<b>29,422,205</b>	<b>32,841,918</b>	<b>29,422,205</b>

As at the Financial Position Date, there were 3,231,500 (December 31, 2022 – 2,669,250) share options and 7,450,426 (December 31, 2022 – 4,767,666) warrants that were potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

**16. Non-Controlling Interest**

The following table presents the movements of non-controlling interests:

	Flying Nickel (\$)	Nevada Vanadium (\$)	Oracle (\$)	Total (\$)
Non-controlling interest, January 1, 2022	1,499,851	-	-	1,499,851
Spin-off arrangement (note 4)	11,754,947	12,122,850	-	23,877,797
Change in ownership (a)	8,866,713	1,571,688	-	10,438,401
Net loss	(3,414,388)	(1,408,875)	(353,653)	(5,176,916)
Share-based payments (b and c)	1,412,565	228,514	-	1,641,079
Warrants (d)	478,330	-	-	478,330
Other comprehensive loss	-	682,478	-	682,478
<b>Non-controlling interest, March 31, 2023</b>	<b>20,598,018</b>	<b>13,196,655</b>	<b>(353,653)</b>	<b>33,441,020</b>
Change in ownership (a)	1,359,584	717,266	-	2,076,850
Net loss	(883,005)	(620,728)	(212,707)	(1,716,440)
Share-based payments (b and c)	393,565	352,803	-	746,368
Other comprehensive loss	-	(283,990)	-	(283,990)
Deconsolidation of Flying Nickel (note 10)	(21,468,162)	-	-	(21,468,162)
<b>Non-controlling interest, December 31, 2023</b>	<b>-</b>	<b>13,362,006</b>	<b>(566,360)</b>	<b>12,795,646</b>

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

---



### 16. Non-Controlling Interest - continued

- a) Change in ownership of subsidiaries:

#### Flying Nickel

On January 14, 2022 and February 28, 2022, Flying Nickel converted a total of 5,844,033 and 4,250,000 non-flow through subscription receipts into 5,844,033 and 4,250,000 units, for a total of 10,094,033 units (the "NFT Units"). Each Unit consists of one common share and one-half of one common share purchase warrant, each whole warrants entitles its holder to acquire one common share of the Flying Nickel at an exercise price of \$1.00 per share until November 29, 2023.

On February 15, 2023, Flying Nickel closed a non-brokered private placement and issued an aggregate of 5,370,000 units for aggregate gross proceeds of \$859,200. Each unit consists of one common share of Flying Nickel and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Flying Nickel at a price of \$0.20 per share for 36 months from closing.

On April 17, 2023, Flying Nickel closed a non-brokered private placement and issued 1,250,000 units for gross proceeds of \$200,000. Each unit consists of one common share of Flying Nickel and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Flying Nickel at a price of \$0.20 per share for 36 months from closing.

On May 12, 2023, Flying Nickel closed a non-brokered private placement and issued 200,000 units for gross proceeds of \$32,000. Each unit consists of one common share of Flying Nickel and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Flying Nickel at a price of \$0.20 per share for 36 months from closing.

On August 14, 2023, Flying Nickel closed a non-brokered private placement of 6,800,000 common shares raising gross proceeds of \$680,000. The private placement was priced at \$0.10 per share.

#### Nevada Vanadium

On May 20, 2022, Nevada Vanadium closed a non-brokered private placement of 3,032,500 units at a price of \$0.40 per unit for aggregate gross proceeds of \$1,213,000. The transaction costs related to the private placement was \$2,370. Each unit consists of one common share in the capital of Nevada Vanadium and one share purchase warrant. Each warrant entitles its holder to purchase one additional common share of Nevada Vanadium at a price of \$0.50 per share at any time on or before the 36-month anniversary of the date of issuance of the warrants. Nevada Vanadium has allocated the entire proceeds to share capital and \$nil has been allocated to Warrants by applying the Residual Method. The exercise price of these warrants were amended to \$0.18 in August 2022.

On February 15, 2023, Nevada Vanadium closed a non-brokered private placement and issued an aggregate of 2,539,286 units at a price of \$0.14 per unit for aggregate gross proceeds of \$355,500. Each unit consists of one common share of Nevada Vanadium and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Nevada Vanadium at a price of \$0.18 per share for 36 months from closing.

On April 28, 2023, Nevada Vanadium closed a non-brokered private placement and issued an aggregate of 570,000 units at a price of \$0.14 per unit for aggregate gross proceeds of \$79,800. Each unit consists of one common share of Nevada Vanadium and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Nevada Vanadium at a price of \$0.18 per share for 36 months from closing.



**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**16. Non-Controlling Interest - continued**

On May 19, 2023, Nevada Vanadium closed a non-brokered private placement and issued an aggregate of 1,602,143 units at a price of \$0.14 per unit for aggregate gross proceeds of \$224,300. Each unit consists of one common share of Nevada Vanadium and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Nevada Vanadium at a price of \$0.18 per share for 36 months from closing.

On July 5, 2023, Nevada Vanadium closed a private placement of 742,857 units at a price of \$0.14 per unit, for aggregate gross proceeds of \$104,000. Each unit consists of one common share of Nevada Vanadium and one share purchase warrant with each warrant entitling the holder to purchase one additional share of Nevada Vanadium at a price of \$0.18 per share for 36 months from the closing date.

On October 24, 2023, Nevada Vanadium closed a non-brokered private placement and issued 2,115,440 units at a price of \$0.08 per unit for aggregate gross proceeds of \$169,235. Each unit consists of one common share of Nevada Vanadium and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of Nevada Vanadium at a price of \$0.10 per share until October 24, 2026.

- b) As Flying Nickel was deconsolidated from the Company's financial statements (note 10) on October 1, 2023, non-controlling interest disclosure relating to Flying Nickel is provided up until this date of deconsolidation.

From April 1, 2023 to the date on which Flying Nickel was deconsolidated, October 1, 2023, Flying Nickel recorded share-based payments of \$393,565 (2022 – \$632,118) of which \$9,278 (2022 – \$10,539) was capitalized as exploration cost and the remainder of \$384,287 (2022 – \$621,579) was expensed as general and administrative expenses.

During the fifteen months ended March 31, 2023, Flying Nickel recorded share-based payments expense of \$1,412,565 of which \$16,564 was capitalized as exploration cost and the remainder of \$1,396,001 was expensed as general and administrative expenses.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes Option Pricing Model with the assumptions presented in the table below. Expected volatilities are based on historical volatility of the comparable companies as Flying Nickel has a limited history of trading. The expected term of share options granted represents the period of time that the granted share options are expected to be outstanding. The risk-free interest rate is based on the Canadian government bond rate.

For the nine months ended December 31, 2023

<b>Grant Date</b>	<b>Number of Share Options</b>	<b>Expected Price Volatility</b>	<b>Risk Free Interest Rate</b>	<b>Expected Life (Years)</b>	<b>Expected Dividend Yield</b>	<b>Fair Value Per Option (\$)</b>	<b>Total Fair Value (\$)</b>
Apr 17, 2023	205,000	107%	3.15%	5.00	-	0.13	25,762
Apr 24, 2023	100,000	106%	2.97%	5.00	-	0.13	12,921
June 15, 2023	50,000	107%	3.48%	5.00	-	0.08	3,876
September 18, 2023	1,390,000	105%	3.92%	5.00	-	0.08	108,876
	<b>1,745,000</b>						<b>151,435</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**16. Non-Controlling Interest - continued**For the fifteen months ended March 31, 2023

<b>Grant Date</b>	<b>Number of Share Options</b>	<b>Expected Price Volatility</b>	<b>Risk Free Interest Rate</b>	<b>Expected Life (Years)</b>	<b>Expected Dividend Yield</b>	<b>Fair Value Per Option (\$)</b>	<b>Total Fair Value (\$)</b>
March 4, 2022	5,160,000	137%	1.45%	5.00	-	0.34	1,735,482
March 18, 2022	150,000	138%	1.45%	5.00	-	0.57	85,249
May 3, 2022	300,000	138%	2.75%	5.00	-	0.47	142,194
January 3, 2023	1,400,000	141%	3.23%	5.00	-	0.13	175,617
	<b>7,010,000</b>						<b>2,138,542</b>

- c) During the nine months ended December 31, 2023, Nevada Vanadium recorded share-based payments of \$352,803 (2022 – \$101,942) of which \$34,399 (2022 – \$nil) was capitalized as exploration cost and the remainder of \$318,404 (2022 – \$101,942) was expensed as general and administrative expenses.

During the fifteen months ended March 31, 2023, Nevada Vanadium recorded share-based payments expense of \$228,514.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes Option Pricing Model with the assumptions presented in the table below. Expected volatilities are based on historical volatility of the comparable companies as Nevada Vanadium has a limited history of trading. The expected term of share options granted represents the period of time that the granted share options are expected to be outstanding. The risk-free interest rate is based on the Canadian government bond rate.

<b>Grant Date</b>	<b>Number of Share Options</b>	<b>Expected Price Volatility</b>	<b>Risk Free Interest Rate</b>	<b>Expected Life (Years)</b>	<b>Expected Dividend Yield</b>	<b>Fair Value Per Option (\$)</b>	<b>Total Fair Value (\$)</b>
August 25, 2022	5,300,000	141%	3.11%	5.00	-	0.16	851,689
December 28, 2022	120,000	141%	3.27%	5.00	-	0.16	19,311
	<b>5,420,000</b>						<b>871,000</b>

- d) The value of: 1) Flying Nickel warrants is from the NFT Units, and is estimated using the residual approach by allocating the proceeds to share capital. Flying Nickel estimate of the value of common shares issued is \$0.66 per share, calculated based on the estimated flow through share premium, and is \$201,881, and 2) broker warrants and finders' fees related to the NFT Units totaling \$276,449.

On October 6, 2022, and as amended, Nevada Vanadium and Flying Nickel entered into an arrangement agreement pursuant to which Flying Nickel proposes to acquire all of the issued and outstanding common shares of Nevada Vanadium by way of a court-approved plan of arrangement (the "Merger Transaction").

Under the terms of the agreement, the Nevada Vanadium shareholders will receive one (1) (the "Exchange Ratio") Flying Nickel common share (a "Flying Nickel Share") for each Nevada Vanadium Share held immediately prior to the effective time of the Merger Transaction. All convertible securities of Nevada Vanadium outstanding immediately prior to the effective time of the Merger Transaction will be exchanged for securities of Flying Nickel bearing substantially the same terms as the securities replaced based on the Exchange Ratio. As at the Financial Position Date, the Merger Transaction is still in progress.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**17. Related Party Transactions**

The Company entered into a Mutual Management and Technical Services Agreement (the “MMTSA”) with Flying Nickel commencing April 1, 2023, pursuant to which the companies would provide each other with general, technical and administrative services, as reasonably requested, on a fixed fee basis. The fixed fee is adjusted periodically to reflect the relative allocation of costs to each company.

During the nine months ended December 31, 2023, the Company had related party transactions with key management personnel who provide management and consulting services to the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include, but are not limited to, the CEO, CFO, COO, and executive and non-executive directors.

A summary of related party transactions is as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(\$)	(\$)	(\$)	(\$)
MMTSA fees charged by Flying Nickel, a company with certain directors and officers in common	169,756	-	169,756	-
MMTSA recoveries from Flying Nickel	(45,685)	-	(45,685)	-
Management fees to Linx Partners Ltd., a company controlled by John Lee, Director, CEO and Executive Chairman of the Company	105,000	105,000	315,000	315,000
Directors’ fees	19,199	18,452	69,116	60,652
Salaries and benefits paid to key management of the Company	176,764	176,877	426,596	462,800
Share-based payments – John Lee	36,754	95,469	129,242	249,439
Share-based payments – directors	16,871	18,000	66,298	43,817
Share-based payments – former directors	134	36,117	17,662	104,776
Share-based payments – key management of the Company	26,897	40,840	61,686	159,549
	<b>505,690</b>	<b>490,755</b>	<b>1,209,671</b>	<b>1,396,033</b>

The Company had balances due to related parties as follows:

	December 31, 2023	March 31, 2023
	(\$)	(\$)
Payable to Flying Nickel	(1,780,658)	-
Directors’ fees payable	(110,600)	(102,452)
	<b>(1,891,258)</b>	<b>(102,452)</b>

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**18. Segmented Information**

The Company operates in one operating segment, being the acquisition, exploration and development of mineral properties. Assets by geographical area are as follows:

	December 31, 2023 (\$)	March 31, 2023 (\$)
Current assets		
Canada	219,263	1,782,558
USA	19,670	6,858
Mongolia	10,130	385,403
Bolivia	1,132,952	184,688
	1,382,015	2,359,507
Non-current assets		
Canada	5,708,208	22,564,615
USA	23,032,615	23,837,759
Mongolia	-	3,822
Bolivia	22,691,374	23,811,515
	51,432,197	70,217,711
Total assets		
Canada	10,052,980	29,707,126
USA	23,052,285	23,844,617
Mongolia	10,130	389,225
Bolivia	19,698,817	18,636,250
	<b>52,814,212</b>	<b>72,577,218</b>

**19. Supplemental Cash Flow Information**

	Three Months Ended		Nine Months Ended	
	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)
Non-Cash Financing and Investing Activities				
Shares issued to settle liability	-	-	54,967	1,431,874
Share-based payments capitalized in mineral properties	34,399	(21,262)	62,397	(10,723)
	<b>34,399</b>	<b>(21,262)</b>	<b>117,364</b>	<b>1,421,151</b>



## **20. Capital Management**

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative returns on capital criteria for management. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors.

The properties in which the Company currently holds interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out exploration and development plans and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in management's approach to capital management during the period ended December 31, 2023. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

## **21. Fair Value Measurements and Financial Instruments**

### **Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs 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 are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. As at the Financial Position Date, there were no financial assets measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

The fair value of the Company's financial instruments including cash, receivables, and accounts payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments. Restricted cash equivalents included in other non-current assets is readily convertible into cash, and therefore its carrying value approximates fair value. The fair values of the Company's interest-bearing promissory note is determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at the Financial Position Date was assessed to be insignificant. Derivative liabilities and contingent liability are recorded at fair value based on the quoted market price at the end of each reporting period with changes in fair value through profit or loss. As at the Financial Position Date, the fair value of: 1) derivative liabilities is \$185,040 (March 31, 2023 - \$401,042), 2) contingent liability is \$157,464 (March 31, 2023 - \$215,951), and 3) promissory note is \$3,848,740 (March 31, 2023 - \$4,271,857). The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the period ended December 31, 2023.



## **22. Financial Risk Management**

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at the Financial Position Date are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

### **(a) Liquidity risk**

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at the Financial Position Date, the Company had a cash balance of \$1,247,399 (March 31, 2023 – \$1,504,969) and accounts payable and accrued liabilities of \$3,885,616 (March 31, 2023 - \$3,807,809). Liquidity risk is assessed as very high.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances.

### **(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk primarily associated with cash, restricted cash equivalents included in other non-current assets and receivables, net of allowances. The carrying amount of financial assets included on the statements of financial position represents the maximum credit exposure.

### **(c) Market risk**

#### **(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and restricted cash equivalents included in other non-current assets primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of the Financial Position Date. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

#### **(ii) Foreign currency risk**

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has foreign exploration and development projects in the USA, Mongolia and Bolivia and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollars, Mongolian tugrik, and Bolivian boliviano into its reporting currency, the Canadian dollar.

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

---



### 22. Financial Risk Management - continued

#### (iii) Commodity and equity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The Company is also exposed to price risk with regards to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

#### (iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's derivative financial liability includes debts to be settled in common shares of Silver Elephant. A 10% increase or decrease in the market price of common shares of Silver Elephant or Flying Nickel has a corresponding effect of approximately \$19,000 to net loss.

The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

#### Sensitivity Analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company has certain cash balances, receivables, accounts payables and the CVB Loan denominated in either the US Dollar, Mongolian Tugrik or Bolivian Boliviano (the "Foreign Currencies"), currencies other than the functional currency of Company. Based on the above, net exposures as at the Financial Position Date, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the Mongolian Tugrik would impact net loss and comprehensive loss with other variables unchanged by approximately \$18,000. A 10% strengthening (weakening) of the Canadian dollar against the Bolivian Boliviano would impact net loss and comprehensive loss with other variables unchanged by approximately \$12,000. A 10% strengthening (weakening) of the US Dollar against the Canadian Dollar would impact net loss with other variables unchanged by approximately \$475,000. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

### 23. Contingencies

As at December 31, 2023, \$558,786 (March 31, 2023 - \$558,236) was included in accounts payable and accrued liabilities in connection with a former employee's claim for severance.

**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

**24. Restatement**

The Company identified an accounting error in relation to its prior year consolidated financial statements primarily due to the Spin-off Arrangement and related carrying value of Exploration and Evaluation Assets and Non-controlling Interests, and reclassifying the non-current portion of a promissory note to current, which have been corrected as noted below for December 31, 2022.

	Original December 31, 2022 (\$)	Restatement (\$)	Restated December 31, 2022 (\$)
<b>Assets</b>			
Current assets			
Cash	1,036,295	-	1,036,295
Receivables	225,259	-	225,259
Prepays	373,797	-	373,797
<b>Total current assets</b>	<b>1,635,351</b>	<b>-</b>	<b>1,635,351</b>
Non-current assets			
Restricted cash equivalents	92,000	-	92,000
Equipment	579,728	-	579,728
Exploration and evaluation assets	81,471,905	(19,233,728)	62,238,177
Buildings and structures	637,902	-	637,902
Land	3,724,577	-	3,724,577
<b>Total assets</b>	<b>88,141,463</b>	<b>(19,233,728)</b>	<b>68,907,735</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	3,478,730	-	3,478,730
Promissory note – current	340,262	3,714,347	4,054,609
Derivative liability	-	179,959	179,959
	3,818,992	3,894,306	7,713,298
Non-current liabilities			
Provision for closure and reclamation	2,037,731		2,037,731
Promissory note – non-current	3,714,347	(3,714,347)	-
<b>Total liabilities</b>	<b>9,571,070</b>	<b>179,959</b>	<b>9,751,029</b>
Shareholders' equity			
Share capital	216,955,668	1,207,372	218,163,040
Reserves	12,066,881	15,926,864	27,993,745
Deficit	(198,895,856)	(20,932,026)	(219,827,882)
Equity attributable to equity holders of parent	30,126,693	(3,797,790)	26,328,903
Equity attributable to non-controlling interests	48,443,700	(15,615,897)	32,827,803
<b>Total equity</b>	<b>78,570,393</b>	<b>(19,413,687)</b>	<b>59,156,706</b>
<b>Total liabilities and equity</b>	<b>88,141,463</b>	<b>(19,233,728)</b>	<b>68,907,735</b>



**Silver Elephant Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)


**24. Restatement - continued**

The Consolidated Statement of Comprehensive Loss for the three months ended December 31, 2022 has also been restated as follows:

	Original Three Months Ended, December 31, 2022 (\$)	Adjustment 1 (\$)	Adjustment 2 (\$)	Adjustment 3 (\$)	Restated Three Months Ended, December 31, 2022 (\$)
<b>General and Administrative Expenses</b>					
Amortization	84,352	-	-		84,352
Consulting and management fees	243,285	-	-		243,285
Directors' fees	151,185	-	-		151,185
Insurance	46,932	-	-		46,932
Office and administration	294,377	-	(11,763)		282,614
Professional fees	305,921	-	-		305,921
Salaries and benefits	701,393	-	(179,749)		521,644
Share-based payments	659,797	-	-	91,806	751,603
Stock exchange and shareholder services	68,615	-	-		68,615
Travel and accommodation	45,909	-	-		45,909
	(2,601,766)	-	191,512	(91,806)	(2,502,060)
<b>Other items</b>					
Other income (expense)	347,658	(350,540)	19,555		16,673
Finance expense	(52,564)	-	-	4,143	(48,421)
Foreign exchange gain	368,340	-	-		368,340
Gain on fair value change in derivative liabilities	-	-	-	58,487	58,487
Loss from care and maintenance of coal properties	-	-	(191,512)	-	(191,512)
Government grant	19,555	-	(19,555)		-
<b>Net loss the period</b>	<b>(1,918,777)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,298,493)</b>
Other comprehensive loss					
Foreign currency translation	(48,733)	-	-	-	(48,733)
<b>Comprehensive loss for the period</b>	<b>(1,967,510)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,347,226)</b>
Net loss attributable to:					
Equity holders of the parent	(730,336)	(169,953)	-	(29,176)	(929,465)
Non-controlling interests	(1,188,441)	(180,587)	-	-	(1,369,028)
	<b>(1,918,777)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,298,493)</b>
Comprehensive loss attributable to:					
Equity holders of the parent	(753,127)	(195,895)	-	(29,176)	(978,198)
Non-controlling interests	(1,214,383)	(154,645)	-	-	(1,369,028)
	<b>(1,967,510)</b>	<b>(350,540)</b>	<b>-</b>	<b>(29,176)</b>	<b>(2,347,226)</b>
Basic and diluted loss per share attributable to equity holders of the parent					
	(0.03)	-	-	-	(0.03)
Basic and diluted weighted average number of shares outstanding					
	(0.03)	-	-	-	(0.03)

## Silver Elephant Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended December 31, 2023

(Expressed in Canadian Dollars except where noted)

---



### 24. Restatement - continued

The adjustments are as follows:

- Adjustment 1 – reduce other income by \$159,342 relating to the correction of impairment of exploration and evaluation and \$191,198 relating to the correction of loss on debt settlement, totaling \$350,540. These corrections have now been corrected in the appropriate prior periods.
- Adjustment 2 – reclassify \$11,763 from office and administration to salaries and benefits, \$191,512 from salaries and benefits to loss from care and maintenance of coal properties and \$19,555 from government grant to other income.
- Adjustment 3 – recognize gain on fair value change in derivative liabilities of \$58,487 as it relates to the January 14, 2022 Options and January 14, 2022 Warrants (note 13), additional share-based payments expense of \$91,806 and finance expense of \$4,143.

The Consolidated Statements of Cash Flows for the nine months ended December 31, 2022 was not previously presented; only the Consolidated Statements of Cash flows for the twelve months ended December 31, 2022 was presented but not applicable for the purposes of these consolidated financial statements as result of the change in year end from December 31 to March 31.

### 25. Subsequent Events

On January 30, 2024, the parties amended the MSA to: (1) extend the date for completion of certain permitting and other contractual milestones in respect of the Pulacayo Paca Project pursuant to which the APM Group paid a non-refundable extension fee of \$198,855 (US\$150,000) (the “MSA Extension Fee”) to the Company; and, (2) to modify the second payment of \$2,386,260 (US\$1,800,000) under the MSA to provide for it to be payable in two equal installments of \$1,193,130 (US\$900,000) each in order for APM Group to proceed with additional purchases of threshold tonnage under the MSA as amended. APM Group has the right to offset the MSA Extension Fee from the Final MSA Payment.