

Condensed Consolidated Interim Financial Statements
(Unaudited-expressed in Canadian dollars)

AFTERMATH SILVER LTD.
(An Exploration Stage Company)

Nine months ended February 29, 2024 and February 28, 2023

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

As at	February 29, 2024	May 31, 2023
ASSETS		
Current assets:		
Cash	\$ 250,677	\$ 4,089,832
Receivables	12,688	28,749
Prepaid expenses and advances (note 10)	106,072	275,119
Assets held for sale (note 4)	-	2,046,472
	369,437	6,440,172
Restricted cash (note 5)	11,422	60,060
Mineral properties (notes 4 and 5)	10,306,089	8,453,236
Deferred acquisition costs (note 6)	17,262,917	17,262,917
Equipment (note 7)	48,964	50,622
	\$ 27,998,829	\$ 32,267,007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 390,194	\$ 453,929
Due to related parties (note 10)	37,287	35,848
Current portion of acquisition costs payable (note 6)	-	160,670
	427,481	650,447
Acquisition costs payable (note 6)	7,117,047	6,552,482
	7,544,528	7,202,929
Shareholders' equity:		
Share capital (note 9)	53,589,975	53,589,975
Reserves	6,702,906	6,510,352
Deficit	(39,838,580)	(35,036,249)
	20,454,301	25,064,078
	\$ 27,998,829	\$ 32,267,007

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

"David Terry" Director

"Michael J. Williams" Director

See accompanying notes to the condensed consolidated interim financial statements.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

For the period ended	Three months ended		Nine months ended	
	Feb 29, 2024	Feb 28, 2023	Feb 29, 2024	Feb 28, 2023
Expenses:				
Accounting and legal (note 10)	\$ 24,715	\$ 50,304	\$ 155,939	\$ 164,479
Accretion expense (notes 4,5, and 8)	196,551	276,736	585,745	840,836
Conference and exhibition	-	965	73,881	86,736
Consulting fees (note 10)	21,000	61,996	141,677	302,954
Corporate secretarial (note 10)	8,250	8,250	24,750	24,750
Depreciation (note 7)	3,244	4,314	9,364	12,331
Directors' fees (note 10)	22,500	22,500	67,500	67,500
Foreign exchange (gain) / loss	8,083	(6,425)	3,451	615,098
Geological exploration (note 5)	104,974	260,295	429,819	473,226
Insurance	4,550	4,550	12,425	13,300
Investor relations	139,440	109,509	633,228	342,581
Listing and filing fees	24,305	32,317	51,579	96,142
Office and sundry (note 10)	27,881	24,282	94,074	87,635
Pre-acquisition exploration (notes 6)	611,329	544,690	1,858,805	2,130,742
Share-based payments (notes 9 and 10)	9,295	305,518	192,554	328,795
Travel and meals	69,822	17,526	162,251	108,318
Wages and salaries (note 10)	63,669	64,035	184,983	186,508
	(1,339,608)	(1,781,362)	(4,682,025)	(5,881,931)
Impairment assets held for sale (note 4)	-	-	(189,031)	-
Interest income	5,347	-	68,725	-
Loss and Comprehensive loss for the period	\$(1,334,261)	\$(1,781,362)	\$(4,802,331)	\$(5,881,931)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	207,283,011	171,171,744	207,283,011	151,977,485

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited-expressed in Canadian dollars)

	<u>Share Capital</u>				
	Shares	Amount	Reserves	Deficit	Total
May 31, 2022	136,716,363	\$ 39,125,203	\$ 5,942,829	\$ (26,537,005)	\$ 18,531,027
Private Placements	24,385,666	4,145,563	-	-	4,145,563
Shares issued for mineral properties	6,428,570	1,510,714	-	-	1,510,714
Warrant exercised	3,395,406	407,448	-	-	407,448
Shares issued as finders' fee	245,739	41,776	-	-	41,776
Share issuance costs - cash	-	(121,884)	-	-	(121,884)
Share issuance costs - shares	-	(41,776)	-	-	(41,776)
Share-based payments	-	-	328,795	-	328,795
Loss for the period	-	-	-	(5,881,931)	(5,881,931)
February 28, 2023	171,171,744	\$ 45,067,044	\$ 6,271,624	\$ (32,418,936)	\$ 18,919,732
Private Placements	32,985,467	8,246,367	-	-	8,246,367
Warrants exercised	3,068,400	767,100	-	-	767,100
Shares issued as finders' fees	57,400	39,428	-	-	39,428
Share issuance costs - cash	-	(471,699)	-	-	(471,699)
Share issuance costs - shares	-	(39,428)	-	-	(39,428)
Share issuance costs - finders' warrants	-	(18,837)	18,837	-	-
Share-based payments	-	-	219,891	-	219,891
Loss for the period	-	-	-	(2,617,313)	(2,617,313)
May 31, 2023	207,283,011	\$ 53,589,975	\$ 6,510,352	\$ (35,036,249)	\$ 25,064,078
Share-based payments	-	-	192,554	-	192,554
Loss for the period	-	-	-	(4,802,331)	(4,802,331)
February 29, 2024	207,283,011	\$ 53,589,975	\$ 6,702,906	\$ (39,838,580)	\$ 20,454,301

See accompanying notes to the Condense Consolidated Interim Financial Statements.

AFTERMATH SILVER LTD.

Condense Consolidated Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

For the periods ended	February 29, 2024	February 28, 2023
Cash flows from operating activities:		
Loss for the period	\$ (4,802,331)	\$ (5,881,931)
Items not affected by cash:		
Share-based payments	192,554	328,795
Accretion expense	585,745	840,836
Depreciation	9,364	12,331
Impairment to assets held for sale	189,031	-
Unrealized foreign exchange	(7,312)	681,529
Changes in non-cash working capital items:		
Receivables	16,061	12,396
Prepaid expenses and advances	169,047	39,617
Accounts payable and accrued liabilities	(63,735)	3,757
Due to related parties	1,439	(29,345)
Cash used in operating activities	(3,710,137)	(3,992,015)
Cash flows from investing activities		
Acquisition of mineral properties	-	(1,194,601)
Purchase of equipment	(7,706)	(11,030)
Change in restricted cash	48,638	-
Payments made towards acquisition costs payable	(169,950)	(541,884)
Cash used in investing activities	(129,018)	(1,747,515)
Cash flows from financing activities		
Proceeds from private placement	-	4,145,563
Proceeds from warrant exercises	-	407,448
Repayment of promissory note	-	(517,425)
Share issuance costs	-	(121,884)
Cash provided by financing activities	\$ -	\$ 3,913,702
Change in cash	(3,839,155)	(1,825,828)
Cash, beginning of the period	4,089,832	2,827,121
Cash, end of the period	\$ 250,677	\$ 1,001,293
Supplemental schedule of non-cash activities		
Amendment to acquisition costs payable	\$ -	\$ 157,739
Fair value of shares issued for mineral properties	\$ -	\$ 1,510,714
Deferred acquisition costs reclassified to mineral properties	\$ -	\$ 5,270,971
Promissory note issued for mineral properties	\$ -	\$ 500,000
Reclassification of assets held for sale to mineral properties	\$ 1,852,853	\$ -

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

AFTERMATH SILVER LTD.

Notes to Condensed Consolidated Interim Financial Statements
(Unaudited - expressed in Canadian dollars)

Nine months ended February 29, 2024 and February 28, 2023

1. Nature of operations and going concern:

Aftermath Silver Ltd. (“the Company” or “Aftermath”) was incorporated under the laws of British Columbia on January 27, 2011. Its principal business activity is the acquisition, exploration and development of mineral properties. The Company’s shares are currently traded on the TSX Venture Exchange (“TSX-V”) under the symbol AAG and on the OTCQB under the symbol AAGFF. The Company’s registered and records address is Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is in the exploration stage and engages principally in the acquisition and exploration of mineral properties. The recoverability of the amounts shown for mineral properties is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The Company has no operating revenue and has a history of losses. As at February 29, 2024, the Company has a working capital deficiency of \$58,044. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company is currently evaluating various opportunities and seeking sources of financing. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations in the long term.

2. Material accounting policies:

(a) Basis of presentation:

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board and Interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied are the same as those applied in the Company’s annual consolidated financial statements for the year ended May 31, 2023.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 26, 2024.

AFTERMATH SILVER LTD.

Notes to Condensed Consolidated Interim Financial Statements
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Nine months ended February 29, 2024 and February 28, 2023

3. Significant accounting estimates and judgments:

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. The Company reviews its estimates and assumptions regularly; however, actual results could differ from those estimates. Significant judgments are used as follows:

Valuations of convertible debentures

The equity portion of the convertible debenture is calculated using a discounted cash flow method which requires management to make an estimate on an appropriate discount rate.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment based on historical experience. Significant judgments are used in the Company's assessment of its ability to continue as a going concern, which are described in Note 1, and recording deferred acquisition costs and acquisition costs payable pursuant to binding agreements.

Functional currency

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations.

Acquisition of subsidiary entities

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the year ended May 31, 2023, the Company completed the acquisition of MMC (note 5) and determined that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations."

Deferred income tax

The determination of income tax is inherently complex and requires making certain judgments about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Mineral properties

The recognition of mineral properties requires judgments regarding future recoverability and carrying cost. The cost model is utilized, and the value of the mineral properties is based on the acquisition expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

AFTERMATH SILVER LTD.

Notes to Condensed Consolidated Interim Financial Statements
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Nine months ended February 29, 2024 and February 28, 2023

3. Significant accounting estimates and judgments (continued):

Share-based payments

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Shares issued in non-cash transactions

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

4. Assets held for sale:

Minera Cachinal, Chile

During the year ended May 31, 2020, the Company acquired a 100% stake in the Cachinal De La Sierra silver-gold project (the "Cachinal property") located in Chile, through the acquisition of an 80% ownership in Minera Cachinal S.A. ("Minera Cachinal") from Halo Labs Inc. ("Halo") and the acquisition of the 20% in ownership from SSR Mining Inc. ("SSR"). The value attributed to the property was \$2,493,842.

On February 14, 2023, the Company entered into a definitive agreement with Honey Badger Silver Inc. ("Honey Badger") to sell its 100% interest in Minera Cachinal for 3,508,771 common shares of Honey Badger and \$652,000 cash on the closing of the transaction, and a promissory note, payable in cash or shares, as follows:

- a) \$200,000 on or before May 31, 2023 (not received);
- b) \$400,000 on or before March 31, 2024; and
- c) \$400,000 on or before September 30, 2024.

In connection with the acquisition Minera Cachinal, Honey Badger has agreed to grant the Company with a 1% net smelter returns royalty (with a complete buy-back option in favour of Honey Badger for C\$8,500,000) as well as a production payments royalty upon commencement of commercial production at Cachinal, payable, in cash or shares at Aftermath's option, of C\$0.50 per payable silver ounce produced at the Cachinal Project, until an aggregate of C\$2,500,000 has been paid, at which point the production payments royalty will terminate.

Management determined the assets of Minera Cachinal meet the definitions of assets held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." Consequently, the assets of Minera Cachinal were classified as a disposal group. As at February 29, 2024, Minera Cachinal did not hold any liabilities.

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Nine months ended February 29, 2024 and February 28, 2023

4. Assets held for sale (continued):

In accordance with IFRS 5, on the reclassification of disposal groups as assets held for sale and discontinued operations, the Company remeasured the net assets of Minera Cachinal to fair value less costs of disposal estimated based on the expected proceeds of disposition. During the period ended February 29, 2024, an impairment of \$189,031 (year ended May 31, 2023 - \$451,958) was recognized against mineral properties within assets held for sale, which is included in profit or loss for the period.

During the period ended February 29, 2024, the definitive agreement with Honey Badger was terminated and the Company reclassified \$1,852,853 to mineral properties on the derecognition of the assets held for sale.

5. Mineral Properties:

Challacollo Property Acquisition, Chile

On November 8, 2019, the Company entered into a share purchase agreement with Mandalay Resources Corp. ("Mandalay"), pursuant to which the Company will acquire Minera Mandalay Challacollo Limitada ("MMC"), which owns the Challacollo silver-gold project in Chile.

In consideration, the Company will pay Mandalay a total of \$7,500,000, consisting of \$1,000,000 in cash on or before July 31, 2020 (paid), \$1,000,000 in cash on or before December 30, 2020 (paid), a final payment of \$5,500,000 (of which up to \$2,750,000 may be paid in shares at Mandalay's option) on or before April 30, 2021, and a net smelter royalty ("NSR") of 3% capped at \$3,000,000. The Company elected, at an additional cost of \$500,000, to vary the final payment of \$5,500,000 such that \$3,000,000 (of which up to \$1,500,000 may be paid in shares at the Company's option) is due on or before April 30, 2021, and \$3,000,000 (of which up to \$1,500,000 may be paid in shares at the Company's option), including the aforementioned additional cost of \$500,000, was due on or before April 30, 2022. During the year ended May 31, 2021, the Company made this election and paid cash in the amount of \$1,500,000 and issued 2,054,794 common shares with a fair value of \$1,397,260. The cumulative share issuances pursuant to the agreement may not exceed 49% of the Company's issued and outstanding shares.

During the year ended May 31, 2023, the Company closed the Challacollo Property Acquisition and acquired a 100% interest in MMC, by paying \$1,000,000, issuing a \$500,000 promissory note (note 8), and issuing 6,122,448 common shares valued at \$1,438,775. The promissory note, which bore interest at 12% per annum and was due on or before December 31, 2022, was paid during the year. Subsequent to the acquisition, the Company changed the name of MMC to Minera Aftermath Challacollo Limitada.

The Company had agreed to pay a finder's fee of \$407,500 (paid \$407,500 as at May 31, 2023). During the year ended May 31, 2023, the Company entered a settlement agreement on the finder's fee whereby it paid \$75,000 in cash and issued 306,122 common shares valued at \$71,939 (note 9). During the year ended May 31, 2023, the Company incurred transaction costs of \$119,666. On close of the acquisition, the Company reclassified \$5,270,971 from deferred acquisition costs to mineral properties.

Prior to acquisition of MMC, all exploration costs related to the Challacollo project were included within pre-acquisition exploration costs (note 6).

MMC is not considered to be a business under IFRS 3 *Business Combinations*; accordingly, the Challacollo Property Acquisition is accounted for as an asset acquisition.

AFTERMATH SILVER LTD.

Notes to Condensed Consolidated Interim Financial Statements
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5. Mineral Properties (continued):

Consideration:	
Cash	\$ 1,000,000
Fair value of common shares issued	1,438,775
Promissory note issued	500,000
Finder's fees	146,939
Transaction costs	119,666
Costs previously incurred and reclassified from deferred acquisition costs	<u>5,270,971</u>
	<u>8,476,351</u>
Net assets of MMC acquired:	
Cash and other current assets	65
Prepaid expenses and advances	38,767
Mineral Property	8,453,236
Accounts payable and accrued liabilities	<u>(15,717)</u>
Total net assets acquired	<u>\$ 8,476,351</u>

The Company incurred the following exploration expenditures on the Cachinal and Challacollo Mineral projects during the nine months ended February 29, 2024, and February 28, 2023:

Period ended February 29, 2024	Cachinal Project	Challacollo Project	Total
Analysis	\$ -	\$ 19,918	\$ 19,918
Field supplies and equipment	-	14,693	14,693
Field staff and benefits	-	20,660	20,660
General and administrative	16,519	21,742	38,261
Geological consulting	10,350	58,981	69,331
Legal fees	30,850	51,536	82,386
Maps and reports	-	20,635	20,635
Permits and licenses	-	135,873	135,873
Travel and meals	-	10,391	10,391
Value-added tax	-	17,671	17,671
	<u>\$ 57,719</u>	<u>\$ 372,100</u>	<u>\$ 429,819</u>
Period ended February 28, 2023	Cachinal Project	Challacollo Project	Total
Analysis	\$ -	\$ 9,276	\$ 9,276
Field supplies and equipment	-	3,039	3,039
General and field office administration	37,355	14,078	51,433
Geological consulting	26,490	71,684	98,174
Legal fees	152,291	27,192	179,483
Maps and reports	-	23	23
Permits and licenses	20	42,380	42,400
Travel and meals	-	2,403	2,403
Value-added tax	-	86,995	86,995
	<u>\$ 216,156</u>	<u>\$ 257,070</u>	<u>\$ 473,226</u>

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Notes to Condensed Consolidated Interim Financial Statements
(Unaudited - expressed in Canadian dollars)

Nine months ended February 29, 2024 and February 28, 2023

5. Mineral Properties (continued):

A continuity of mineral properties for the periods ended February 29, 2024 and May 31, 2023 is as follows:

	Cachinal Project	Challacollo Project	Total
Balance, May 31, 2022	\$ 2,493,842	\$ -	\$ 2,493,842
Acquisition of MMC	-	8,453,236	8,453,236
Impairment (note 4)	(451,958)	-	(451,958)
Reclassified to assets held for sale (note 4)	(2,041,884)	-	(2,041,884)
Balance, May 31, 2023	\$ -	\$ 8,453,236	\$ 8,453,236
Reclassified from assets held for sale (note 4)	1,852,853	-	1,852,853
Balance, February 29, 2024	\$ 1,852,853	\$ 8,453,236	\$ 10,306,089

During the period ended February 29, 2024, the Company made deposits of \$45,825 (year ended May 31, 2023 - \$60,060) to the Chilean Ministry of National as security for reclamation requirements and received refunds of \$88,015 (year ended May 31, 2023 - \$nil).

6. Deferred acquisition costs, Investigation costs:

Berenguela Property Acquisition, Peru

On July 22, 2020, the Company entered into a binding Letter of Intent (the "LOI") with SSR to acquire 100% of the Berenguela silver-copper project located in Puno, Peru, through the purchase of 100% of SSR's shares in its Peruvian holding company, Sociedad Minera Berenguela S.A ("SMB"). On September 30, 2020, the acquisition agreement with SSR was signed.

The Company has agreed to pay US\$12,725,000 made in staged cash payments, 4,287,049 Aftermath Silver common shares, and a sliding scale net NSR on production, as follows:

- i. US\$1,000,000 deposit, to be paid within 48 hours of signing the LOI (*paid – CAD \$1,341,670*);
- ii. US\$725,000 cash on the initial closing date (*paid – CAD \$953,375*) and 4,287,049 Aftermath common shares (*issued with value of \$4,029,826*);
- iii. US\$2,250,000 cash to be paid on November 30, 2021 (*paid – CAD\$2,862,585*);
- iv. US\$2,500,000 cash to be paid on November 30, 2023 (*paid - CAD\$3,403,900 - amended from November 30, 2022, as per discussion below*);
- v. US\$3,000,000 cash to be paid on May 15, 2025 (*amended from November 30, 2024, as per discussion below*);
- vi. Completion of a Preliminary Feasibility Study ("PFS") and filing on SEDAR of a NI 43-101 technical report summarizing the PFS by November 30, 2024;
- vii. US\$3,250,000 cash to be paid on November 30, 2026;

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Notes to Condensed Consolidated Interim Financial Statements
(Unaudited - expressed in Canadian dollars)

Nine months ended February 29, 2024 and February 28, 2023

6. Deferred acquisition costs, Investigation costs (continued):

- viii. A sliding scale NSR on all mineral production from the Berenguela Project for the life of mine commencing at the declaration of commercial production, based on the following:
- 1.0% NSR, on all mineral production when the Silver Market Price is up to and including US\$25/ounce; and
 - 1.25% NSR on all mineral production when the Silver Market Price is over US\$25/ounce and when the Copper Market Price is above \$2.00/lb.

During the year ended May 31, 2023, the Company entered into an agreement whereby the payment of US\$2,500,000 original due on November 30, 2022, was deferred by one year to November 30, 2023. In consideration for the deferral, the Company paid US\$400,000 (\$541,884). Upon entering into the amending agreement, the Company recognized an increase in acquisition costs payable of \$157,739.

During the period ended February 29, 2024, the Company entered into a further agreement whereby it made the US\$2,500,000 payment due on November 30, 2023 early in exchange for deferment of the November 30, 2024 payment of US\$3,000,000 to May 15, 2025. The Company recognized an increase in acquisition costs payable of \$6,321.

On the initial closing date, the Company recognized a total of \$10,300,701 to deferred acquisition costs related to the present value of future US\$11,000,000 in payments plus US\$550,000 in future finders' fees discounted using a rate of 12%.

A continuity of acquisition costs payable for the period ended February 29, 2024, is as follows:

	February 29, 2024	May 31, 2023
Acquisition costs payable		
Acquisition costs payable, beginning of the period	\$ 6,713,152	\$ 8,730,218
Amendment to acquisition costs payable	-	164,060
Payments towards acquisition costs payable	-	(3,945,784)
Payments of finders' fees	(169,950)	-
Accretion expense	585,745	1,083,463
Foreign exchange recognized	(11,900)	681,195
	7,117,047	6,713,152
Current portion of acquisition costs payable	-	(160,670)
Acquisition costs payable, end of the period	\$ 7,117,047	\$ 6,552,482

The Company has agreed to pay a finders' fee of US\$659,478 over the term of the agreement of which US\$234,478 (\$314,297) has been paid to date, and issue 346,279 common shares (issued during the year ended May 31, 2021, with a value of \$415,535).

Ownership in SMB will not transfer until such time the Company has completed its payments. Up until the point ownership transfers, all of the Company's exploration costs towards the Berenguela project are included in pre-acquisition exploration costs as they are not required pursuant to the acquisition agreement.

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Notes to Condensed Consolidated Interim Financial Statements
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Nine months ended February 29, 2024 and February 28, 2023

6. Deferred acquisition costs, Investigation costs (continued):

The Company incurred the following pre-acquisition exploration costs for the period ended February 29, 2024 and February 28, 2023:

Period ended February 29, 2024	Berenguela Project
Analysis	\$ 280,556
Field supplies and equipment	71,031
Field staff and benefits	915,143
General and administrative	117,442
Geological consulting	189,993
Legal fees	43,420
Maps and reports	19,589
Permits & licenses	7,287
Travel and meals	148,980
Value-added tax	65,364
	\$ 1,858,805

Period ended February 28, 2023	Berenguela Project
Analysis	\$ 317,781
Field supplies and equipment	103,683
Field staff and benefits	876,999
General and administrative	92,105
Geological consulting	343,826
Legal fees	45,159
Maps and reports	34,600
Permits and licenses	19,977
Travel and meals	154,694
Value-added tax	141,918
	\$ 2,130,742

Deferred acquisition costs incurred as at February 29, 2024, and May 31, 2023 are as follows:

	Challacollo Project	Berenguela Project	Total
Balance, May 31, 2022	\$ 5,270,971	\$ 17,262,917	\$ 22,533,888
Reclassified to mineral properties	(5,270,971)	-	(5,270,971)
Balance, May 31, 2023 and February 29, 2024	\$ -	\$ 17,262,917	\$ 17,262,917

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7. Equipment:

	Office Furniture	Computer & Comms Equipment	Field Equipment	Total
Cost				
Balance, May 31, 2022	\$ 5,552	\$ 28,063	\$ 29,232	\$ 62,847
Additions	10,245	785	-	11,030
Balance, May 31, 2023	15,797	28,848	29,232	73,877
Additions	2,093	1,640	3,973	7,706
Balance, February 29, 2024	17,890	30,488	33,205	81,583
Accumulated Depreciation				
Balance, May 31, 2022	232	3,546	2,674	6,452
Depreciation	2,774	8,124	5,905	16,803
Balance, May 31, 2023	3,006	11,670	8,579	23,255
Depreciation	2,101	3,462	3,801	9,364
Balance, February 29, 2024	5,107	15,132	12,380	32,619
Net Book Value				
May 31, 2023	\$ 12,791	\$ 17,178	\$ 20,653	\$ 50,622
February 29, 2024	\$ 12,783	\$ 15,356	\$ 20,825	\$ 48,964

8. Promissory notes

In connection with the acquisition of Minera Cachinal (Note 4), the Company issued a promissory note for \$600,000 payable as follows: \$50,000 on execution (paid), \$50,000 on the first-year anniversary (paid), \$300,000 on the two-year anniversary (paid), and \$300,000 (paid) on the three-year anniversary. The Company recognized a fair value acquisition payable of \$547,335 on the date of the acquisition using a discount rate of 12%.

In connection with the acquisition of MMC during the year ended May 31, 2023 (Note 4), the Company issued a promissory note for \$500,000 bearing interest at 12% and due on or before December 31, 2022. The Company recognized a fair value of \$500,000 using a discount rate of 12%. During the year ended May 31, 2023, the Company settled the note by paying \$517,425 inclusive of interest.

A continuity for promissory notes is as follows:

	February 29 2024	May 31 2023
Promissory notes, beginning of period	\$ -	\$ 268,355
Additions	-	500,000
Payments	-	(817,425)
Accretion expense	-	49,070
Current portion of promissory notes	-	-
Promissory notes, end of period	\$ -	\$ -

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9. Share capital:

(a) Authorized share capital:

Unlimited number of voting common shares without par value.

(b) Issued share capital:

There were no share issuance for the period ended February 29, 2024.

Share issuance for the year ended May 31, 2023:

- a) The Company issued 6,122,448 common shares with a fair value of \$1,438,775 on the closing of the Challacollo Property Acquisition (note 5);
- b) The Company issued 306,122 common shares with a fair value of \$71,939 as finders' fees in connection with the closing of the Challacollo Property Acquisition (note 5);
- c) The Company closed a non-brokered private placement by issuing 24,385,666 units at a price of \$0.17 per unit for gross proceeds of \$4,145,563. Each unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.27 for a period of two years. The Company paid or accrued finders' fees of \$77,135 and issued 245,739 finders' shares with a fair value of \$66,350. In connection with the private placement, the Company incurred additional closing costs of \$44,749; and
- d) The Company closed two tranches of a non-brokered private placement by issuing 32,985,467 units at a price of \$0.25 per unit for gross proceeds of \$8,246,367. Each unit consists of one common share and one-half of a common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.35 for a period of two years. The Company paid or accrued finders' fees of \$361,333, issued 57,400 finders' shares with a fair value of \$14,854, and granted 200,410 finders' warrants with the same terms as the unit warrants and a fair value of \$18,837. The finders' warrants were valued using the Black-Scholes valuation model with the following inputs: exercise price of \$0.35, life of two years, volatility of 81.83%, and discount rate of 3.54%. In connection with the private placement, the Company incurred additional closing costs of \$110,366.

(c) Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2022	15,040,005	\$ 0.22
Issued	28,885,975	0.32
Exercised	(6,463,806)	0.18
Expired	(655,000)	0.12
Balance, May 31, 2023 and February 29, 2024	36,807,174	\$ 0.30

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9. Share capital (continued):

(c) Warrants (continued):

At February 29, 2024, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
7,921,199	\$0.25	November 14, 2024 ^{1,2}
12,192,832	\$0.27	November 21, 2024 ³
12,970,133	\$0.35	May 3, 2025
3,723,010	\$0.35	May 15, 2025
36,807,174		

1. During the period ended February 29, 2024, the expiration date of these warrants was extended from November 14, 2023, to November 14, 2024
2. Subsequent to the period ended February 29, 2024, 52,500 of these warrants were exercised for proceeds of \$13,125.
3. Subsequent to the period ended February 29, 2024, 37,500 of these warrants were exercised for proceeds of \$10,125.

(d) Stock options:

The Board of Directors may grant options to purchase shares from time to time, subject to the aggregate number of common shares of the Company issuable under all outstanding stock options of the Company not exceeding 10% of the issued and outstanding common shares of the Company at the time of the grant.

The options are exercisable over periods of up to ten years to buy shares of the Company at a price not less than the closing market price prevailing on the date the option is granted, less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX-V.

Stock option transactions are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 31, 2022	11,512,500	0.59
Granted	4,000,000	0.34
Expired / Cancelled	(362,500)	0.80
Balance, May 31, 2023 and February 29, 2024	15,150,000	\$ 0.52
Exercisable, February 29, 2024	14,962,500	\$ 0.52

At February 29, 2024, stock options were outstanding enabling holders to acquire common shares as follows:

Number of Stock Options	Exercise Price	Expiry Date
4,900,000	\$ 0.335	December 11, 2024
5,100,000	\$ 0.80	October 9, 2025
700,000	\$ 0.65	June 16, 2026
450,000	\$ 0.65	October 27, 2026
3,250,000	\$ 0.35	December 5, 2027
750,000	\$ 0.30	March 16, 2028
15,150,000		

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9. Share capital (continued):

(e) Share-based payments:

During the period ended February 29, 2024, the Company granted a total of nil (year ended May 31, 2023 – 4,000,000) stock options with a weighted average fair value of \$nil per option (year ended May 31, 2023 – \$0.18). For the period ended February 29, 2024, the Company recognized share-based payments expense of options granted and vesting of \$192,554 (February 28, 2023 - \$328,795).

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted:

	February 29, 2024	May 31, 2023
Risk-free interest rate	-	3.50%
Expected life of option	-	3.0 years
Expected annualized volatility	-	98.20%
Dividend	-	-

10. Related party balances and transactions:

Key management personnel consist of directors and senior management including the Executive Chairman, President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

During the period ended February 29, 2024 and February 28, 2023, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	February 29, 2024	February 28, 2023
Accounting and legal	\$ 67,500	\$ 66,000
Consulting	135,000	168,751
Geological consulting fees included in pre-acquisition exploration	101,568	93,394
Corporate secretarial	24,750	24,750
Directors' fees	67,500	67,500
Share-based payments	114,213	251,411
Wages and salaries	180,000	180,000
	<u>\$ 690,531</u>	<u>\$ 851,806</u>

In addition, payments to companies with common directors and officers for rent, office, and administration totaled \$57,726 (February 28, 2023 - \$57,076).

As at February 29, 2024, due to related parties included \$37,287 (May 31, 2023 - \$35,848) due to key management personnel. As at February 29, 2024, \$27,233 (May 31, 2023 - \$22,960) in advances to related parties was included within prepaid expenses and advances.

11. Financial instruments:

The carrying values of cash, receivables, restricted cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short terms to maturity. The promissory notes and acquisition costs payable was valued using a valuation technique.

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11. Financial instruments (continued):

(a) Financial instrument risk exposure and risk management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, restricted cash, and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company's receivables related to GST receivable in Canada and VAT receivable in Peru. As the only amounts owing are from government agencies, the Company has determined the credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 11(b) of these condensed consolidated interim financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing financial assets as at February 29, 2024.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign currency rates. The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity.

The Company's main risks are associated with fluctuations in the US dollar ("US"), the Chilean peso ("CLP"), the Peruvian Sol ("PEN"), and the Mexican peso ("MXN"). The Company does not enter into any foreign exchange hedging contracts. As at February 29, 2024, the Company had foreign current assets totaling approximately CLP57,703,241 and PEN491,579 and amounts payable totaling approximately US\$5,307,902, CLP357,001, PEN517,120 and MXN263,984. The Company has determined that a 10% increase or decrease in these currencies against the Canadian dollar on these instruments, as at February 29, 2024, would result in a \$715,308 change to profit or loss for the period.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

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11. Financial instruments (continued):

(b) Capital management (continued):

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its financial objectives. Notwithstanding the risks described in note 1 of the consolidated financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

12. Segmented information:

The Company operates in one segment, the acquisition and exploration of mineral properties. Geographical information can be found in notes 4, 5, and 6. All of the Company's equipment is located in Peru.

13. Subsequent events:

Subsequent to the period ended February 29, 2024, the Company:

- a) Closed the first tranche of a private placement by issuing 12,132,427 units at price of \$0.22 per unit for gross proceeds of \$2,669,134. Each unit is comprised of one common share of the company and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire an additional common share at a price of \$0.32 for a period of two years. In connection with the financing, the Company incurred finders' fees of \$66,445 and issued 273,840 finders' warrants with a life of two years and exercise price of \$0.32; and
- b) Closed the second and final tranche of a private placement by issuing 5,367,573 units at price of \$0.22 per unit for gross proceeds of \$1,180,866. Each unit is comprised of one common share of the company and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire an additional common share at a price of \$0.32 for a period of two years. In connection with the financing, the Company incurred finders' fees of \$15,509 and issued 70,496 finders' warrants with a life of two years and exercise price of \$0.32.