

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

**AFTERMATH SILVER LTD.**  
(An Exploration Stage Company)

Nine months ended February 28, 2021 and February 29, 2020

**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 28, 2021	May 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash	\$ 14,563,721	\$ 2,965,675
Receivables	20,320	41,606
Prepaid expenses and advances (note 8)	127,366	121,483
	<u>14,711,407</u>	<u>3,128,764</u>
Mineral property (note 4)	2,493,842	2,493,842
Deferred acquisition costs (note 5)	9,185,927	1,173,711
	<u>\$ 26,391,176</u>	<u>\$ 6,796,317</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 308,633	\$ 457,304
Due to related parties (note 8)	8,248	9,286
Current portion of promissory note (note 4)	48,544	44,643
	<u>365,425</u>	<u>511,233</u>
Promissory note (note 4)	493,795	453,619
	<u>859,220</u>	<u>964,852</u>
Shareholders' equity:		
Share capital (note 7)	37,080,180	14,657,966
Reserves	4,641,168	2,040,235
Deficit	(16,189,392)	(10,866,736)
	<u>25,531,956</u>	<u>5,831,465</u>
	<u>\$ 26,391,176</u>	<u>\$ 6,796,317</u>

Nature of operations and going concern (note 1)  
Subsequent events (note 11)

See accompanying notes to condensed consolidated interim financial statements.

Approved on behalf of the Board:

"David Terry" Director

"Michael J. Williams" Director

# AFTERMATH SILVER LTD.

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

	Three-month period ended		Nine-month period ended	
	Feb 28, 2021	Feb 29, 2020	Feb 28, 2021	Feb 29, 2020
Expenses:				
Accounting and legal (note 8)	\$ 115,443	\$ 85,625	\$ 166,950	\$ 126,771
Accretion expense (notes 4 and 6)	14,946	28,331	44,077	37,588
Conference and exhibition	-	36,204	12,878	78,149
Consulting fees (note 8)	308,079	71,924	611,757	209,791
Corporate secretarial (note 8)	8,250	6,000	22,500	17,250
Directors' fees (note 8)	15,000	9,000	35,000	27,000
Foreign exchange (recovery)	(6,252)	(66,762)	1,944	304,637
Geological exploration (note 4)	52,389	144,905	204,966	225,995
Insurance	4,032	3,042	11,282	3,042
Investor relations	212,666	147,769	455,006	484,798
Listing and filing fees	18,924	29,176	67,901	46,567
Office and sundry (note 8)	10,773	37,208	67,269	67,767
Property investigation (notes 4 and 5)	144,716	-	920,998	295,408
Share-based payments (notes 7 and 8)	1,330,439	804,958	2,796,321	804,958
Travel and meals	-	72,397	4,840	107,448
Wages and salaries (note 8)	21,998	-	21,998	-
	(2,251,403)	(1,409,777)	(5,445,687)	(2,837,169)
Gain on recovery of accounts payable	-	-	123,031	22,233
Loss and Comprehensive loss for the period	\$ (2,251,403)	\$ (1,409,777)	\$ (5,322,656)	\$ (2,814,936)
Loss attributable to:				
Owners of the parent	(2,251,403)	(1,402,929)	(5,322,656)	(2,807,014)
Non-controlling interest	-	(6,848)	-	(7,922)
	(2,251,403)	(1,409,777)	(5,322,656)	(2,814,936)
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.06)
Weighted average number of shares outstanding	132,228,047	77,314,419	115,903,717	48,879,254

See accompanying notes to condensed consolidated interim financial statements.

# AFTERMATH SILVER LTD.

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

	Share Capital		Subscriptions received in advance	Reserves	Equity component of convertible debt	Deficit	Total	Non-controlling interest	Total equity (deficiency)
	Shares	Amount							
May 31, 2019	27,787,371	\$ 6,495,478	\$ 89,040	\$ 708,430	\$ -	\$ (7,846,355)	\$ (553,407)	\$ -	\$ (553,407)
Private placement shares issued	48,485,462	5,858,837	(89,040)	-	-	-	5,769,797	-	5,769,797
Finders' share issued	1,041,586	208,317	-	-	-	-	208,317	-	208,317
Share issuance costs – cash	-	(189,240)	-	-	-	-	(189,240)	-	(189,240)
Share issuance costs – finders' shares	-	(208,317)	-	-	-	-	(208,317)	-	(208,317)
Share issuance costs – finders' warrants	-	(90,909)	-	90,909	-	-	-	-	-
Acquisition of Minera Cachinal (note 4)	-	-	-	-	-	-	-	443,168	443,168
Issuance of convertible debt	-	-	-	-	149,280	-	149,280	-	149,280
Deferred tax on equity conversion feature	-	-	-	-	(40,306)	-	(40,306)	-	(40,306)
Loss for the period	-	-	-	-	-	(2,807,014)	(2,807,014)	(7,922)	(2,814,936)
February 29, 2020	77,314,419	12,074,166	-	799,339	108,974	(10,653,369)	2,329,110	435,246	2,764,356
Private placement shares issued	7,500,000	1,500,000	-	-	-	-	1,500,000	-	1,500,000
Warrants exercised	2,365,000	283,800	-	-	-	-	283,800	-	283,800
Acquisition of Minera Cachinal non-controlling interest (note 4)	-	-	-	(124,260)	-	-	(124,260)	(423,075)	(547,335)
Settlement of convertible note (net)	4,000,000	800,000	-	108,974	(108,974)	-	800,000	-	800,000
Share-based payments	-	-	-	1,256,182	-	-	1,256,182	-	1,256,182
Loss for the period	-	-	-	-	-	(213,367)	(213,367)	(12,171)	(225,538)
May 31, 2020	91,179,419	14,657,966	-	2,040,235	-	(10,866,736)	5,831,465	-	5,831,465
Private placement shares issued	26,362,442	17,135,588	-	-	-	-	17,135,588	-	17,135,588
Finders' share issued	290,360	188,734	-	-	-	-	188,734	-	188,734
Warrants exercised	9,891,020	1,427,487	-	(90,909)	-	-	1,336,578	-	1,336,578
Stock options exercised	337,500	234,979	-	(104,479)	-	-	130,500	-	130,500
Share issuance costs - cash	-	(821,201)	-	-	-	-	(821,201)	-	(821,201)
Share issuance costs – finders' shares	-	(188,734)	-	-	-	-	(188,734)	-	(188,734)
Shares issued for deferred acquisition costs	4,633,328	4,445,361	-	-	-	-	4,445,361	-	4,445,361
Share-based payments	-	-	-	2,796,321	-	-	2,796,321	-	2,796,321
Loss for the period	-	-	-	-	-	(5,322,656)	(5,322,656)	-	(5,322,656)
February 28, 2021	132,694,069	\$ 37,080,180	\$ -	\$ 4,641,168	\$ -	\$ (16,189,392)	\$ 25,531,956	\$ -	\$ 25,531,956

See accompanying notes to condensed consolidated interim financial statements.

# AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian dollars)

<b>For the nine months ended</b>	<b>February 28, 2021</b>	<b>February 29, 2020</b>
Cash flows from operating activities:		
Loss for the period	\$ (5,322,656)	\$ (2,814,936)
Items not affected by cash:		
Share-based payments	2,796,321	804,958
Gain on recovery of accounts payable	(123,031)	22,233
Unrealized foreign exchange	-	377,935
Accretion expense	44,077	37,588
Changes in non-cash working capital items:		
Receivables	21,286	(24,126)
Prepaid expenses and advances	(5,883)	(146,055)
Accounts payable and accrued liabilities	(5,600)	186,428
Due to related parties	(1,038)	(270,133)
<b>Cash used in operating activities</b>	<b>(2,596,524)</b>	<b>(1,826,108)</b>
Cash flows from investing activities		
Funding of Minera Cachinal prior to acquisition	-	(82,331)
Acquisition of Minera Cachinal	-	(640,021)
Funding of Cachinal subsequent to acquisition	-	(89,181)
Deferred costs for mineral property acquisition	(3,566,855)	(1,082,501)
<b>Cash used in investing activities</b>	<b>(3,566,855)</b>	<b>(1,894,034)</b>
Cash flows from financing activities		
Proceeds from private placements	17,135,588	5,749,797
Proceeds from warrant exercises	1,336,578	-
Proceeds from stock option exercises	130,500	-
Share issuance costs	(841,241)	(159,869)
Loan from related party	-	11,970
<b>Cash provided by financing activities</b>	<b>\$ 17,761,425</b>	<b>\$ 5,601,898</b>
Change in cash	11,598,046	1,881,756
Cash, beginning of the period	2,965,675	43,323
<b>Cash, end of the period</b>	<b>\$ 14,563,721</b>	<b>\$ 1,925,079</b>
Supplemental schedule of non-cash activities		
Deferred costs in accounts payable and accrued liabilities	\$ -	\$ (46,677)
Fair value of shares issued for deferred acquisition costs	\$ 4,445,361	\$ -
Fair value of shares issued as finders' fees	\$ -	\$ 291,644
Acquisition costs in accounts payable	\$ -	\$ 62,000
Share issue costs in accounts payable (prior year)	\$ 20,040	\$ -
Fair value of stock options reclassified to reserves on exercise	\$ 104,479	\$ -
Fair value of finder's warrants reclassified to reserves on exercise	\$ 90,909	\$ -

See accompanying notes to condensed consolidated interim financial statements.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

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## 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 28, 2021, the Company has a net working capital of \$14,345,982. Management has forecasted that the Company’s current working capital and subsequent financing will be sufficient to execute its planned expenditures for the coming year. These condensed consolidated interim financial statements do not reflect adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business.

## 2. Basis of Preparation:

### (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 International Financial Reporting 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, 2020.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on April 22, 2021.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

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## 2. Basis of Preparation (continued):

### (b) Basis of consolidation:

These condensed consolidated interim financial statements include the accounts of the Company, its wholly owned subsidiaries Minera Cachinal S.A. (note 4) and Aftermath Silver Peru S.A., and its wholly owned inactive subsidiary, Minera ISP S. R.L. de C.V. Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Non-controlling interest represents the portion of a subsidiary's earnings and losses and net assets that is not held by the Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of loss and comprehensive loss, statement of changes in equity, and statement of financial position respectively.

## 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 are as follows:

### 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.

### 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, 2020, the Company completed the acquisition of Minera Cachinal (note 4) 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.



# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

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### 3. Significant accounting estimates and judgments (continued):

#### 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.

Significant accounting estimates are used as follows:

#### 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. Mineral Property:

On October 30, 2019, the Company entered into an agreement for the acquisition ("Minera Cachinal Acquisition") of an 80% ownership 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"). In consideration for 80% ownership of Minera Cachinal, the Company will pay Halo a total of \$1,575,000 as a convertible note (note 6), consisting of \$250,000 due on October 30, 2019 (paid), \$250,000 due on or before April 30, 2020 (paid), \$525,000 due on or before October 30, 2020, and \$550,000 due on or before April 30, 2021, and assume certain debts. The convertible note was amended and was settled by the issuance of 4,000,000 common shares. As at May 31, 2020, the Company had also incurred \$95,170 in transaction costs, of which \$21,079 had been deferred at May 31, 2019.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

## 4. Mineral Property (continued):

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

Consideration:	
Convertible note	\$ 1,575,000
Transaction costs	197,670
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	1,772,670
Net assets of Minera Cachinal acquired:	
Cash and other current assets	189
Mineral Property	2,493,842
Accounts payable and accrued liabilities	(63,967)
Due to investors	(214,226)
Non-controlling interest	(443,168)
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Total net assets acquired	1,772,670

On May 25, 2020, the Company entered into an agreement with the non-controlling interest ("NCI") holder, SSR Mining Inc. ("SSR"), whereby it would acquire the remaining 20% stake by paying \$100,000 and issuing a promissory note for \$600,000 payable as follows: \$50,000 on execution (paid), \$50,000 on the year anniversary, \$300,000 on the two-year anniversary, and \$300,000 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%. As at February 28, 2021, \$48,544 has been presented as current and \$493,795 as a long-term liability. The Company recorded accretion of \$44,077 for the period ended February 28, 2021 (year ended May 31, 2020 - \$927). \$137,861 in amounts previously recorded as due to investors within Minera Cachinal were forgiven as a result of the transaction, and accordingly, the Company recognized \$137,861 within gain on settlement of accounts payable recognized on the statement of loss and comprehensive loss for the year ended May 31, 2020. The Company had a reclassification to reserves of \$124,260 determined by the difference between the consideration paid less the value of the NCI on the acquisition date. The allocation of consideration has been calculated as follows:

Acquisition payable	
	\$ 547,335
NCI – initial balance	(443,168)
Loss attributable to NCI for period from October 29, 2019 to May 25, 2020	20,093
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Reclassified to reserves on elimination of NCI	\$ 124,260

As at February 28, 2021, the transfer of the shares of Minera Cachinal from Halo and SSR to the Company had yet to be fully completed due to delays caused by COVID-19. During the period ended February 28, 2021, the Company received the transfer of 80% from Halo. The Company has otherwise satisfied all conditions for the ownership of Minera Cachinal and the remaining 20% shares are in the process of being transferred to the Company by SSR.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

## 4. Mineral Property (continued):

The Company incurred the following exploration expenditures on the Cachinal Mineral project during the periods ended February 28, 2021 and February 28, 2020:

<b>Nine-month period ended</b>	<b>Feb 28, 2021</b>	<b>Feb 29, 2020</b>
Drilling	\$	\$ 12,152
Field supplies and equipment	-	2,052
General and administrative	144,356	-
Geological consulting	25,128	119,080
Legal fees	12,857	58,255
Maps and reports	22,625	34,456
	<b>\$ 204,966</b>	<b>\$ 225,995</b>

## 5. Deferred acquisition costs, Investigation costs:

### *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") capped at \$3,000,000. The Company may elect, 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, is due on or before April 30, 2022. The cumulative share issuances pursuant to the agreement may not exceed 49% of the Company's issued and outstanding shares.

Ownership in MMC will not transfer until such time the Company has completed its payments. If the Company fails to make its payments under the agreement, Mandalay will retain 100% ownership of MMC.

The Company has agreed to pay a finder's fee of \$407,500 (paid \$132,500). As at May 31, 2020, the Company has also incurred \$91,211 in transaction costs, of which \$24,182 had been deferred at May 31, 2019.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

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## 5. Deferred acquisition costs, Investigation costs (continued):

### *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. On September 30, 2020, the acquisition agreement with SSR was signed.

Aftermath Silver and SSRM have agreed to a total consideration of US\$12,725,000 made in staged cash payments, 4,287,049 Aftermath Silver common shares, and a sliding scale net NSR, 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 the 12-month anniversary date of the initial closing date;
- iv. US\$2,500,000 cash to be paid on the 24-month anniversary date of the initial closing date;
- v. US\$3,000,000 cash to be paid on the 48-month anniversary date of the initial closing date;
- vi. Completion of a Preliminary Feasibility Study ("PFS") and filing on SEDAR of a NI 43-101 technical report summarizing the PFS, within 48 months of the anniversary date of the initial closing date;
- vii. US\$3,250,000 cash to be paid on the 72-month anniversary date of the initial closing date;
- 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:
  - a. 1.0% NSR, on all mineral production when the Silver Market Price is up to and including US\$25/ounce; and
  - b. 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.

The Company has agreed to pay a finders' fee of \$674,120 over the term of the agreement of which \$97,460 was paid during the period ended February 28, 2021 and issue 346,279 common shares (issued during the period ended February 28, 2021 with a value of \$415,535). During the period ended February 28, 2021, the Company incurred transaction costs of \$77,463.

Up until the point ownership transfers, all of the Company's exploration costs towards the Challacollo and Berenguela projects are included in property investigation costs as they are not required pursuant to the acquisition agreement.

# AFTERMATH SILVER LTD.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

Periods ended February 28, 2021 and February 29, 2020

## 5. Deferred acquisition costs, Investigation costs (continued):

Together, with pre-acquisition investigation costs for Minera Cachinal, the Company incurred the property investigation costs for the periods ended February 28, 2021 and 2020:

Period ended February 28, 2021	Challacollo Project	Berenguela Project	Total
Concession fees	\$ -	\$ 212,896	\$ 212,896
Field supplies and equipment	465	2,712	3,177
General and administrative	5,917	33,263	39,180
Geological consulting	322,938	273,979	596,917
Legal fees	4,750	52,278	57,028
Maps and reports	9,300	2,500	11,800
	\$ 343,370	\$ 577,628	\$ 920,998

Period ended February 29, 2020	Cachinal Project	Challacollo Project	Total
Geological consulting	\$ 3,600	\$ 24,000	\$ 27,600
Legal	-	243,766	243,766
Maps and reports	10,062	13,980	24,042
	\$ 13,662	\$ 281,746	\$ 295,408

Deferred acquisition costs incurred as at February 28, 2021 and May 31, 2020 are as follows:

	Challacollo Project	Berenguela Project	Total
Balance, May 31, 2019	\$ -	\$ -	\$ -
Cash payments	1,000,000	-	1,000,000
Transaction costs	91,211	-	91,211
Finders' fees	82,500	-	82,500
Balance, May 31, 2020	1,173,711	-	1,173,711
Cash payments	1,000,000	2,295,045	3,295,045
Shares issued as deferred acquisition costs	-	4,029,826	4,029,826
Transaction costs	-	77,463	77,463
Finders' fees – cash	50,000	144,347	194,347
Finders' fees – common shares	-	415,535	415,535
Balance, February 28, 2021	\$ 2,223,711	\$ 6,962,216	\$ 9,185,927

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## 6. Convertible note:

During fiscal 2020, the Company completed the Minera Cachinal Acquisition (note 4). In connection with the closing of the transaction, Halo had the right to convert any remaining unpaid purchase price of \$1,075,000 into common shares of the Company at a price of \$0.20 per share. The convertible debenture did not bear any interest. The conversion feature was valued at \$149,280, using a discount rate of 12% which is the borrowing rate achievable by the Company for non-convertible instruments. The Company also recognized a deferred tax liability of \$40,306 in connection with the equity conversion feature.

During the year ended May 31, 2020, the Company entered into an agreement with Halo whereby the remaining principal was reduced to \$800,000 and was settled by the issuance of 4,000,000 common shares. On settlement, the equity component of the convertible debt of \$108,974 net of tax, was reclassified to Reserves.

	<b>May 31, 2020</b>
Convertible note	
Convertible note, beginning of the year	\$ -
Issuance of convertible note	1,075,000
Conversion feature	(149,280)
Accretion expense	61,209
Gain on extinguishment of convertible note	(186,929)
Settlement of convertible note	(800,000)
Convertible note, end of the year	\$ -

## 7. Share capital:

### (a) Authorized share capital:

Unlimited number of voting common shares without par value.

### (b) Issued share capital:

- a) On September 14, 2020, the Company closed a non-brokered private placement by issuing 26,362,442 shares for gross proceeds of \$17,135,588. In connection with the offering, the Company paid an aggregate of \$776,796 in finders' fees and issued 290,360 finders' shares valued at \$188,734. In connection with the closing, the Company incurred other transaction costs of \$44,205.
- b) On November 23, 2020, the Company issued an aggregate of 4,287,049 common shares with a value of \$4,029,826 to SSR pursuant to the Berenguela agreement (Note 5).
- c) On January 14, 2021, the Company issued an aggregate of 346,279 common shares with a value of \$415,535 to a finder pursuant to a finders' fee agreement on the Berenguela project (Note 5).

Share issuances for the year ended May 31, 2020 were as follows:

- a) On October 30, 2019, the Company closed a non-brokered financing of 31,985,462 units at \$0.08 per unit for gross proceeds of \$2,558,837 of which \$89,040 was received in advance during the year ended May 31, 2020. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of \$0.12 per share for a period of three years. In connection with the financing, the Company paid \$83,400 in finders' fees and incurred \$30,311 in other transaction costs of which \$1,416 was deferred at May 31, 2019.

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## 7. Share capital (continued):

### (b) Issued share capital (continued):

- b) On November 14, 2019, the Company closed a non-brokered financing of 16,500,000 units at \$0.20 per unit for gross proceeds of \$3,300,000, of which \$20,000 remains receivable at May 31, 2020 and was received subsequent to year end. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of \$0.25 per share for a period of three years. In connection with the financing, the Company issued 1,041,586 finders' shares valued at \$208,317, paid \$8,000 in finders' fees and incurred \$38,158 in other transaction costs. The Company also granted 520,793 finders' warrants, exercisable for a period of three years with an exercise price of \$0.25. The finders' warrants were fair valued at \$90,909 using the Black-Scholes pricing model using a discount rate of 1.5%, expected life of 18 months, and a volatility of 136.37%.
- c) On May 7, 2020, the Company closed a non-brokered private placement of 7,500,000 units at \$0.20 per unit for gross proceeds of \$1,500,000. Each unit comprises one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of \$0.25 per share for a period of three years. In connection with the financing, the Company paid \$20,040 in finders' fees and incurred \$9,331 in other transaction costs.

### (c) Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2019	-	\$ -
Granted	28,513,525	0.18
Exercised	(2,365,000)	0.12
Balance, May 31, 2020	26,148,525	0.18
Exercised	(9,891,020)	0.14
Balance, February 28, 2021	16,257,505	\$ 0.21

At February 28, 2021, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
4,887,906 <sup>1</sup>	\$0.12	October 30, 2022
7,921,199	\$0.25	November 14, 2022
<u>3,448,400</u> <sup>2</sup>	\$0.25	May 7, 2023
<u>16,645,844</u>		

1. Subsequent to February 28, 2021, 30,000 of these warrants were exercised for gross proceeds of \$3,600.

2. Subsequent to February 28, 2021, 375,000 of these warrants were exercised for gross proceeds of \$93,750.

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## 7. Share capital (continued):

### (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 Venture Exchange. All option issuances vest over 12 months.

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 31, 2019	-	\$ -
Granted	5,950,000	0.335
Balance, May 31, 2020	5,950,000	0.335
Granted	5,500,000	0.80
Exercised	(337,500)	0.39
Balance, February 28, 2021	11,112,500	0.56
Exercisable, February 28, 2021	6,904,167	\$ 0.43

At February 28, 2021, stock options were outstanding enabling holders to acquire common shares as follows:

Number of Stock Options	Exercise Price	Expiry Date
5,650,000	\$0.335	December 11, 2024
5,462,500	\$0.80	October 9, 2025
11,112,500		

### (e) Share-based payments:

During the period ended February 28, 2021, the Company granted a total of 5,500,000 (Year ended May 31, 2020 – 5,950,000) stock options with a weighted average fair value of \$0.64 per option (2020 – \$0.25). For the period ended February 28, 2021 the Company recognized share-based payments expense of options granted and vesting of \$2,796,321 (2020 - \$804,958).

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

	February 28, 2021	May 31, 2020
Risk-free interest rate	0.33%	1.61%
Expected life of option	2.5 years	2.5 years
Expected annualized volatility	124.75%	136.37%
Dividend	-	-



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## 8. 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 periods ended February 28, 2021 and February 29, 2020, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	February 28, 2021	February 29, 2020
Accounting and legal	\$ 44,000	\$ 26,000
Consulting	390,000	77,500
Corporate secretarial	22,500	11,250
Directors fees	35,000	18,000
Share-based payments	1,780,990	-
Wages and salaries	20,000	-
	<u>\$ 2,292,490</u>	<u>\$ 132,750</u>

In addition, payments to companies with common directors and officers for rent, office, and administration totaled \$42,551 (2020 - \$23,229).

As at February 28, 2021, due to related parties included \$8,248 (May 31, 2020 - \$9,286) due to key management personnel. As at February 28, 2021, the Company has recorded \$nil (May 31, 2020 - \$25,871) in prepaid expenses and advances to related parties.

## 9. Financial instruments:

The Company's cash is classified at level one of the fair value hierarchy. The carrying values of receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short terms to maturity. The promissory note was valued using a valuation technique.

### (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 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. There is minimal credit risk with respect to GST receivable as this amount is recoverable from Canadian governmental agencies. At February 28, 2021, the Company's exposure to credit risk is 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 9(b) of these consolidated financial statements.

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## 9. Financial instruments (continued):

### (a) Financial instrument risk exposure and risk management (continued):

#### *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 28, 2021.

#### *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 28, 2021, the Company had foreign current assets totaling approximately CLP7,935,084 and amounts payable totaling approximately US\$13,275, CLP6,958,264, 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 28, 2021, would result in a \$3,127 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.

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 year.

## 10. Segmented information:

The Company operates in one segment being the acquisition and exploration of mineral properties. Geographical information can be found in notes 4 and 5.

# AFTERMATH SILVER LTD.

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## **11. Subsequent events:**

Subsequent to the period ended February 28, 2021, the Company:

- a) made a payment towards the acquisition of the Berenguela project in the amount of \$1,500,000.