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

AFTERMATH SILVER LTD.
(An Exploration Stage Company)

Three months ended August 31, 2022 and 2021

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		August 31, 2022		May 31, 2022
ASSETS				
Current assets:				
Cash	$	382,727	$	2,827,121
Receivables		14,298		28,904
Prepaid expenses and advances (note 9)		184,361		144,435
		581,386		3,000,460
Mineral properties (note 4)		10,966,608		2,493,842
Deferred acquisition costs (note 5)		17,262,917		22,533,888
Equipment (note 6)		61,855		56,395
	$	**28,872,766**	**$**	**28,084,585**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	798,700	$	522,703
Due to related parties (note 9)		66,285		32,282
Current portion of acquisition costs payable (note 5)		3,345,497		3,137,200
Promissory notes (note 7)		779,583		268,355
		4,990,065		3,960,540
Acquisition costs payable (note 5)		5,964,372		5,593,018
		10,954,437		9,553,558
Shareholders' equity:				
Share capital (note 8)		40,572,978		39,125,203
Reserves		5,960,893		5,942,829
Commitment to issue shares (note 4)		71,939		-
Deficit		(28,687,481)		(26,537,005)
		17,918,329		18,531,027
	$	**28,872,766**	**$**	**28,084,585**

Nature of operations and going concern (note 1)

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 three months ended		August 31, 2022		August 31, 2021
Expenses:				
Accounting and legal (note 9)	$	37,914	$	65,608
Accretion expense (notes 5, 6, and 7)		266,962		315,012
Conference and exhibition		28,195		-
Consulting fees (note 9)		118,110		117,046
Corporate secretarial (note 9)		8,250		8,250
Depreciation (note 6)		3,856		-
Directors' fees (note 9)		22,500		21,250
Foreign exchange (recovery)		320,918		452,736
Geological exploration (note 4)		102,111		55,823
Insurance		4,375		4,000
Investor relations		73,320		74,869
Listing and filing fees		44,465		15,617
Office and sundry (note 9)		38,856		22,114
Pre-acquisition exploration (note 5)		950,025		163,235
Share-based payments (notes 8 and 9)		18,064		450,893
Travel and meals		51,800		6,424
Wages and salaries (note 9)		60,755		60,722
Loss and Comprehensive loss for the year	$	(2,150,476)	$	(1,833,599)
Loss per share – basic and diluted	$	(0.02)	$	(0.01)
Weighted average number of shares outstanding		138,166,052		135,563,863

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)

	Share Capital					
	Shares	Amount	Reserves	Commitment to issue shares	Deficit	Total
May 31, 2021	**135,163,863**	**$ 38,575,990**	**$ 5,351,178**	**$ -**	**$ (17,765,944)**	**$ 26,161,224**
Warrant exercised	400,000	48,000	-	-	-	48,000
Share-based payments	-	-	450,893	-	-	450,893
Loss for the period	-	-	-	-	(1,833,599)	(1,833,599)
August 31, 2021	**135,563,863**	**38,623,990**	**5,802,071**	**-**	**(19,599,543)**	**24,826,518**
Warrants exercised	402,500	48,300	-	-	-	48,300
Options exercised	750,000	452,913	(201,663)	-	-	251,250
Share-based payments	-	-	342,421	-	-	342,421
Loss for the period	-	-	-	-	(6,937,462)	(6,937,462)
May 31, 2022	**136,716,363**	**39,125,203**	**5,942,829**	**-**	**(26,537,005)**	**18,531,027**
Shares issued for mineral properties (note 4)	6,122,448	1,438,775	-	-	-	1,438,775
Warrants exercised	75,000	9,000	-	-	-	9,000
Commitment to issue shares (note 4)	-	-	-	71,939	-	71,939
Share-based payments	-	-	18,064	-	-	18,064
Loss for the period	-	-	-	-	(2,150,476)	(2,150,476)
August 31, 2022	**142,913,811**	**$ 40,572,978**	**$ 5,960,893**	**$ 71,939**	**$ (28,687,481)**	**$ 17,918,329**

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

AFTERMATH SILVER LTD.

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

For the periods ended		August 31, 2022		August 31, 2021
Cash flows from operating activities:				
Loss for the period	$	(2,150,476)	$	(1,833,599)
Items not affected by cash:				
Share-based payments		18,064		450,893
Accretion expense		266,962		315,012
Gain on settlement of accounts payable		-		-
Depreciation		3,856		-
Unrealized foreign exchange		323,917		461,727
Changes in non-cash working capital items:				
Receivables		14,606		(18,650)
Prepaid expenses and advances		498		38,208
Accounts payable and accrued liabilities		83,125		15,440
Due to related parties		34,003		184
Cash used in operating activities		**(1,405,445)**		**(570,785)**
Cash flows from investing activities				
Acquisition of mineral properties		(1,038,633)		-
Purchase of equipment		(9,316)		-
Cash used in investing activities		**(1,047,949)**		**-**
Cash flows from financing activities				
Proceeds from warrant exercises		9,000		48,000
Cash provided by financing activities		**9,000**		**48,000**
Change in cash		(2,444,394)		(522,785)
Cash, beginning of the period		2,827,121		11,737,858
Cash, end of the period	**$**	**382,727**	**$**	**11,215,073**
Supplemental schedule of non-cash activities				
Commitment to issue shares in mineral properties	$	71,939	$	-
Mineral property costs included in accounts payable	$	177,381	$	-
Fair value of shares issued for mineral properties	$	1,438,775	$	-
Deferred acquisition costs reclassified to mineral properties	$	5,270,971	$	-
Promissory note issued for mineral properties	$	500,000	$	-

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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 August 31, 2022, the Company has a working capital deficiency of $4,408,679. 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.

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. Significant 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 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, 2022.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 26, 2022.

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:

Valuation 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 period ended August 31, 2022, the Company completed the acquisition of MMC (note 4) and determined that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations."

3. Significant accounting estimates and judgments (continued):

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.

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 Properties:

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.

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 period ended August 31, 2022, closed the Challacollo Property Acquisition and acquired a 100% interest in MMC, by paying $1,000,000, issuing a $500,000 promissory note (note 7), and issuing 6,122,448 common shares valued at $1,438,775. The promissory note bears interest at 12% per annum and is due on or before December 31, 2022.

The Company had agreed to pay a finder's fee of $407,500 (paid $282,500). During the period ended August 31, 2022, the Company entered a settlement agreement on the finder's fee whereby it has accrued $75,000 in cash payable and agreed to issue 306,122 common shares. A commitment of $71,939 attributed to the common shares issuable has been recognized as of August 31, 2022. During the period ended August 31, 2022, the Company incurred transaction costs of $141,081. 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 5).

(Unaudited - expressed in Canadian dollars)

4. Mineral Properties (continued)**:**

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.

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	141,081
Costs previously incurred and reclassified from deferred acquisition costs	5,270,971
	8,497,766
Net assets of MMC acquired:	
Cash and other current assets	67
Prepaid expenses and advances	40,424
Mineral Property	8,472,766
Accounts payable and accrued liabilities	(15,491)
Total net assets acquired	$ 8,497,766

The Company incurred the following exploration expenditures on the Cachinal and Challacollo Mineral projects during the three months ended August 31, 2022 and 2021:

Period ended August 31, 2022	**Cachinal Project**	**Challacollo Project**	**Total**
General and administrative	$ 19,748	$ -	$ 19,748
Geological consulting	5,117	14,888	20,005
Legal fees	62,358	-	62,358
	$ 87,223	$ 14,888	$ 102,111

Period ended August 31, 2021	**Cachinal Project**	**Total**
Analysis	$ 1,733	$ 1,733
General and field office administration	19,083	19,083
Geological consulting	10,879	10,879
Legal fees	12,275	12,275
Permits and licenses	11,853	11,853
	$ 55,823	$ 55,823

(Unaudited - expressed in Canadian dollars)

5. 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 withing 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, 2022;

v. US$3,000,000 cash to be paid on November 30, 2024;

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;

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.

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 August 31, 2022 is as follows:

Acquisition costs payable	**August 31, 2022**	**May 31, 2022**
Acquisition costs payable, beginning of the period	$ 8,730,218	$ 10,134,667
Payments towards acquisition payable	-	(2,862,585)
Payments of finders' fees	-	(143,770)
Accretion expense	255,734	1,095,335
Foreign exchange recognized	323,917	506,571
	9,309,869	8,730,218
Current portion of acquisition costs payable	(3,345,497)	(3,137,200)
Acquisition costs payable, end of the period	$ 5,964,372	$ 5,593,018

(Unaudited - expressed in Canadian dollars)

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

The Company has agreed to pay a finders' fee of US$659,478 over the term of the agreement of which US$109,478 ($144,347) was paid during the year ended May 31, 2021, 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.

The Company incurred the following pre-acquisition exploration costs for the period ended August 31, 2022 and 2021:

Period ended August 31, 2022	**Berenguela Project**	**Total**
Analysis	$ 200,099	$ 200,099
Field supplies and equipment	51,574	51,574
Field staff and benefits	332,135	332,135
General and administrative	42,491	42,491
Geological consulting	131,214	131,214
Legal fees	16,192	16,192
Maps and reports	5,099	5,099
Permits and licences	17,395	17,395
Travel and meals	75,201	75,201
Value-added tax	78,625	78,625
	$ 950,025	$ 950,025

Period ended August 31, 2021	**Challacollo Project**	**Berenguela Project**	**Total**
Analysis	$ -	$ 20,291	$ 20,291
Field supplies and equipment	-	181	181
General and administrative	-	6,734	6,734
Geological consulting	13,780	109,297	123,077
Legal fees	1,001	8,830	9,831
Travel and meals	-	3,121	3,121
	$ 14,781	$ 148,454	$ 163,235

Deferred acquisition costs incurred as at August 31, 2022 and May 31, 2022 are as follows:

	Challacollo Project	**Berenguela Project**	**Total**
Balance, May 31, 2021 and 2022	$ 5,270,971	$ 17,262,917	$ 22,533,888
Reclassified to mineral properties	(5,270,971)	-	(5,270,971)
Balance, August 31, 2022	$ -	$ 17,262,917	$ 17,262,917

(Unaudited - expressed in Canadian dollars)

6. Equipment:

		Office Furniture		Computer & Comms Equipment		Field Equipment		Total
Cost								
Balance, May 31, 2021	$	-	$	-	$	-	$	-
Additions		5,552		28,063		29,232		62,847
Balance, May 31, 2022		5,552		28,063		29,232		62,847
Additions		9,065		251		-		9,316
Balance, August 31, 2022		14,617		28,314		29,232		72,163
Accumulated Depreciation								
Balance, May 31, 2021		-		-		-		-
Depreciation		232		3,546		2,674		6,452
Balance, May 31, 2022		232		3,546		2,674		6,452
Depreciation		506		1,924		1,426		3,856
Balance, August 31, 2022		738		5,470		4,100		10,308
Net Book Value								
May 31, 2022	$	5,320	$	24,517	$	26,558	$	56,395
August 31, 2022	$	13,879	$	22,844	$	25,132	$	61,855

7. 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 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 period ended August 31, 2022 (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%.

A continuity for promissory notes is as follows:

		August 31, 2022		May 31, 2022
Promissory notes, beginning of period	$	268,355	$	507,960
Additions		500,000		-
Payments		-		(300,000)
Accretion expense		11,228		60,395
		779,583		268,355
Current portion of promissory notes		(779,583)		(268,355)
Promissory notes, end of period	$	-	$	-

(Unaudited - expressed in Canadian dollars)

8. Share capital:

(a) Authorized share capital:

Unlimited number of voting common shares without par value.

(b) Issued share capital:

Share issuance for the period ended August 31, 2022:

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 4).

Excluding option and warrant exercises, there were no share issuances for the year ended May 31, 2022.

(c) Warrants:

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2021	15,842,505	$ 0.21
Exercised	(802,500)	0.12
Balance, May 31, 2022	15,040,005	0.22
Exercised	(75,000)	0.12
Balance, August 31, 2022	14,965,005	$ 0.22

At August 31, 2022, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
3,970,406 [1]	$0.12	October 30, 2022
7,921,199	$0.25	November 14, 2022[2]
3,073,400	$0.25	May 7, 2023
14,965,005		

1. Subsequent to August 31, 2022, 2,630,469 of these warrants were exercised for proceeds of $315,656.
2. Subsequent to August 31, 2022, the expiration date of these warrants was extended to November 14, 2023.

(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.

(Unaudited - expressed in Canadian dollars)

8. Share capital (continued):

(d) Stock options (continued):

Stock option transactions are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 31, 2021	11,112,500	$ 0.56
Granted	1,150,000	0.65
Exercised	(750,000)	0.335
Balance, May 31, 2022 and August 31, 2022	11,512,500	0.59
Exercisable, August 31, 2022	11,112,500	$ 0.58

At August 31, 2022, 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
5,462,500	$0.80	October 9, 2025
700,000	$0.65	June 16, 2026
450,000	$0.65	October 27, 2026
11,512,500		

(e) Share-based payments:

During the period ended August 31, 2022, the Company granted a total of nil (year ended May 31, 2022 – 1,150,000) stock options with a weighted average fair value of $nil per option (year ended May 31. 2022 – $0.33). For the period ended August 31, 2022 the Company recognized share-based payments expense of options granted and vesting of $18,064 (2022 - $450,893).

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

	August 31, 2022	**May 31, 2022**
Risk-free interest rate	-	0.85%
Expected life of option	-	2.5 years
Expected annualized volatility	-	112.14%
Dividend	-	-

(Unaudited - expressed in Canadian dollars)

9. 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 August 31, 2022 and 2021, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

		August 31, 2022		August 31, 2021
Accounting and legal	$	21,000	$	18,000
Consulting		61,875		48,719
Geological consulting fees included in property investigation costs		33,488		-
Corporate secretarial		8,250		8,250
Directors' fees		22,500		21,250
Share-based payments		2,297		328,772
Wages and salaries		60,000		60,000
	$	209,410	$	484,991

In addition, payments to companies with common directors and officers for rent, office, and administration totaled $19,025 (2021 - $18,716).

As at August 31, 2022, due to related parties included $66,285 (May 31, 2022 - $32,282) due to key management personnel.

10. Financial instruments:

The carrying values of cash, 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 and acquisition payable 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. 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 10(b) of these condensed consolidated interim financial statements.

10. 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 August 31, 2022.

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 August 31, 2022, the Company had foreign current assets totaling approximately CLP737,449 and PEN592,181 and amounts payable totaling approximately US$7,196,742, CLP4,491,303, PEN809,729 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 August 31, 2022, would result in a $953,354 change to profit or loss for the year.

(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 condensed consolidated interim 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.

11. 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. All of the Company's equipment is located in Peru.