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

AFTERMATH SILVER LTD.
(An Exploration Stage Company)

Nine months ended February 28, 2023 and 2022

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, 2023		May 31, 2022
ASSETS				
Current assets:				
Cash	$	1,001,293	$	2,827,121
Receivables		16,508		28,904
Prepaid expenses and advances (note 9)		143,585		144,435
		1,161,386		3,000,460
Mineral properties (note 4)		10,947,078		2,493,842
Deferred acquisition costs (note 5)		17,420,656		22,533,888
Equipment (note 6)		55,094		56,395
	$	**29,584,214**	**$**	**28,084,585**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	509,075	$	522,703
Due to related parties (note 9)		36,039		32,282
Current portion of acquisition costs payable (note 5)		3,281,270		3,137,200
Promissory notes (note 7)		292,093		268,355
		4,118,477		3,960,540
Acquisition costs payable (note 5)		6,546,005		5,593,018
		10,664,482		9,553,558
Shareholders' equity:				
Share capital (note 8)		45,067,044		39,125,203
Reserves		6,271,624		5,942,829
Deficit		(32,418,936)		(26,537,005)
		18,919,732		18,531,027
	$	**29,584,214**	**$**	**28,084,585**

Nature of operations and going concern (note 1)
Subsequent event (note 12)

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)

	Three months period ended		Nine months period ended	
	Feb 28, 2023	**Feb 28, 2022**	**Feb 28, 2023**	**Feb 28, 2022**
Expenses:				
Accounting and legal (note 9)	$ 50,304	$ 1,902	$ 164,479	$ 116,005
Accretion expense (notes 4, 5, and 7)	276,736	253,461	840,836	895,153
Conference and exhibition	965	990	86,736	38,877
Consulting fees (note 9)	61,996	57,597	302,954	255,963
Corporate secretarial (note 9)	8,250	8,250	24,750	24,750
Depreciation (note 6)	4,314	422	12,331	422
Directors' fees (note 9)	22,500	22,500	67,500	66,250
Foreign exchange (recovery)	(6,425)	307,357	615,098	591,086
Geological exploration (note 4)	260,295	36,805	473,226	134,663
Insurance	4,550	4,052	13,300	12,052
Investor relations	109,509	80,457	342,581	223,429
Listing and filing fees	32,317	22,805	96,142	57,583
Office and sundry (note 9)	24,282	17,526	87,635	76,908
Pre-acquisition exploration (note 5)	544,690	1,681,368	2,130,742	2,308,166
Share-based payments (notes 8 and 9)	305,518	97,356	328,795	744,023
Travel and meals	17,526	30,114	108,318	100,996
Wages and salaries (note 9)	64,035	52,841	186,508	174,876
Loss and Comprehensive loss for the year	$(1,781,362)	$(2,675,803)	$(5,881,931)	$(5,821,202)
Loss per share – basic and diluted	$ (0.01)	$ (0.02)	$ (0.04)	$ (0.04)
Weighted average number of shares outstanding	171,171,744	135,856,446	151,977,485	135,612,883

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**	**Deficit**	**Total**
May 31, 2021	**135,163,863**	**$ 38,575,990**	**$ 5,351,178**	**$ (17,765,944)**	**$ 26,161,224**
Warrant exercised	702,500	84,300	-	-	84,300
Option exercised	120,000	72,466	(32,266)	-	40,200
Share-based payments	-	-	744,023	-	744,023
Loss for the period	-	-	-	(5,821,202)	(5,821,202)
February 28, 2022	**135,986,363**	**38,732,756**	**6,062,935**	**(23,587,146)**	**21,208,545**
Warrants exercised	100,000	12,000	-	-	12,000
Options exercised	630,000	380,447	(169,397)	-	211,080
Share-based payments	-	-	49,291	-	49,291
Loss for the period	-	-	-	(2,949,859)	(2,949,859)
May 31, 2022	**136,716,363**	**39,125,203**	**5,942,829**	**(26,537,005)**	**18,531,027**
Private Placement	24,385,666	4,145,563	-	-	4,145,563
Shares issued for mineral properties (note 4)	6,428,570	1,510,714	-	-	1,510,714
Warrants exercised	3,395,406	407,448	-	-	407,448
Shares issued as finders' fees	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**

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		February 28, 2023		February 28, 2022
Cash flows from operating activities:				
Loss for the period	$	(5,881,931)	$	(5,821,202)
Items not affected by cash:				
Share-based payments		328,795		744,023
Gain on recovery of accounts payable		-		-
Accretion expense		840,836		895,153
Depreciation		12,331		422
Unrealized foreign exchange		681,529		541,360
Changes in non-cash working capital items:				
Receivables		12,396		(210,556)
Prepaid expenses and advances		39,617		60,040
Accounts payable and accrued liabilities		3,757		219,069
Due to related parties		(29,345)		14,061
Cash used in operating activities		**(3,992,015)**		**(3,557,630)**
Cash flows from investing activities				
Acquisition of mineral properties		(1,194,601)		-
Purchase of equipment		(11,030)		(61,860)
Payments made towards acquisition costs payable		(541,884)		(3,006,355)
Cash used in investing activities		**(1,747,515)**		**(3,068,215)**
Cash flows from financing activities				
Proceeds from private placements		4,145,563		-
Proceeds from warrant exercises		407,448		84,300
Proceeds from stock option exercises		-		40,200
Repayment of promissory note		(517,425)		-
Share issuance costs		(121,884)		-
Cash provided by financing activities	**$**	**3,913,702**	**$**	**124,500**
Change in cash		(1,825,828)		(6,501,345)
Cash, beginning of the period		2,827,121		11,737,858
Cash, end of the period	**$**	**1,001,293**	**$**	**5,236,513**
Supplemental schedule of non-cash activities				
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	$	-
Amendment to acquisition costs payable	$	157,739	$	-
Fair value of stock options reclassified to reserves on exercise	$	-	$	32,266

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 February 28, 2023, the Company has a working capital deficiency of $2,957,091. 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 April 11, 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 are as follows:

<u>Valuation of convertible debentures</u>

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.

<u>Going concern</u>

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.

<u>Functional currency</u>

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.

<u>Acquisition of subsidiary entities</u>

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 February 28, 2023, 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.

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;

b) $400,000 on or before March 31, 2024; and

c) $400,000 on or before September 30, 2024.

4. Mineral Properties (continued):

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.

As at the date of these financial statements, the transaction has not yet closed and the Company retains its 100% interest in Minera Cachinal.

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 February 28, 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 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 February 28, 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 8). During the period ended February 28, 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 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		119,666
Costs previously incurred and reclassified from deferred acquisition costs		5,270,971
		8,476,351
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		(15,717)
Total net assets acquired	$	8,476,351

The Company incurred the following exploration expenditures on the Cachinal and Challacollo Mineral projects during the nine months ended February 28, 2023, and 2022:

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 administrative		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
	$	216,156	$	257,070	$	473,226

Period ended February 28, 2022		**Cachinal Project**		**Total**
Analysis	$	1,733	$	1,733
General and field office administration		60,225		60,225
Geological consulting		37,305		37,305
Legal fees		21,988		21,988
Maps and reports		2,062		2,062
Permits and licenses		11,350		11,350
	$	134,663	$	134,663

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, 2023 (*amended from November 30, 2022, as per below)*;

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.

During the period ended February 28, 2023, the Company entered into an agreement whereby the payment of US$2,500,000 payable 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).

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%. On entering the amending agreement, the Company recognized an increase to acquisition costs payable of $157,739.

(Unaudited - expressed in Canadian dollars)

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

A continuity of acquisition costs payable for the period ended February 28, 2023, is as follows:

Acquisition costs payable	**February 28, 2023**	**May 31, 2022**
Acquisition costs payable, beginning of the period	$ 8,730,218	$ 10,134,667
Amendment to acquisition costs payable	157,739	-
Payments towards acquisition costs payable	(541,884)	(2,862,585)
Payments of finders' fees	-	(143,770)
Accretion expense	799,673	1,095,335
Foreign exchange recognized	681,529	506,571
	9,827,275	8,730,218
Current portion of acquisition costs payable	(3,281,270)	(3,137,200)
Acquisition costs payable, end of the period	$ 6,546,005	$ 5,593,018

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 nine-month period ended February 28, 2023 and 2022:

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

(Unaudited - expressed in Canadian dollars)

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

Period ended February 28, 2022		Berenguela Project		Total
Analysis	$	99,131	$	99,131
Drilling		738,524		738,524
Field supplies and equipment		107,190		107,190
Field staff and benefits		228,065		228,065
General and administrative		7,195		7,195
Geological consulting		411,345		411,345
Legal fees		51,068		51,068
Maps and reports		48,946		48,946
Permits and licences		161,310		161,310
Travel and meals		95,542		95,542
	$	1,948,316	$	1,948,316

Deferred acquisition costs incurred as at February 28, 2023 and May 31, 2022 are as follows:

		Challacollo Project		Berenguela Project		Total
Balance, May 31, 2021	$	5,270,971	$	17,262,917	$	22,533,888
Reclassified to mineral properties		(5,270,971)		-		(5,270,971)
Amendment to acquisition costs payable		-		157,739		157,739
Balance, May 31,2022 and February 28, 2023	$	-	$	17,420,656	$	17,420,656

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		10,600		430		-		11,030
Balance, February 28, 2023		16,152		28,493		29,232		73,877
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		2,030		5,928		4,373		12,331
Balance, February 28, 2023		2,262		9,474		7,047		18,783
Net Book Value								
May 31, 2022	$	5,320	$	24,517	$	26,558	$	56,395
February 28, 2023	$	13,890	$	19,019	$	22,185	$	55,094

(Unaudited - expressed in Canadian dollars)

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 February 28, 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 period ended February 28, 2023, the Company settled the note by paying $517,425 inclusive of interest.

A continuity for promissory notes is as follows:

	February 28 2023	May 31, 2022
Promissory notes, beginning of period	$ 268,355	$ 507,960
Additions	500,000	-
Payments	(517,425)	(300,000)
Accretion expense	41,163	60,395
	292,093	268,355
Current portion of promissory notes	(292,093)	(268,355)
Promissory notes, end of period	$ -	$ -

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 February 28, 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 4);

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 4);

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 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 $41,776. In connection with the private placement, the Company incurred additional closing costs of $44,749.

(Unaudited - expressed in Canadian dollars)

8. Share capital (continued):

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
Issued	12,192,832	0.27
Exercised	(3,395,406)	0.12
Expired	(650,000)	0.12
Balance, February 28, 2023	23,187,431	$ 0.26

At February 28, 2023, 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, 2023[1]
3,073,400	$0.25	May 7, 2023[2]
12,192,832	$0.27	November 21, 2022
23,187,431		

1. During the period ended February 28, 2023, the expiration date of these warrants was extended from November 14, 2022, to November 14, 2023.
2. Subsequent to the period ended February 28, 2023, 1,000,000 of these warrants were exercised for proceeds of $250,000.

(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	11,512,500		0.59
Granted	3,250,000		0.35
Expired / Cancelled	(362,500)		0.80
Balance, February 28, 2023	14,400,000	$	0.53
Exercisable, February 28, 2023	11,150,000	$	0.58

At February 28, 2023, 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
14,400,000		

(e) Share-based payments:

During the period ended February 28, 2023, the Company granted a total of 3,250,000 (year ended May 31, 2022 – 1,150,000) stock options with a weighted average fair value of $0.19 per option (year ended May 31. 2022 – $0.65). For the period ended February 28, 2023, the Company recognized share-based payments expense of options granted and vesting of $328,79500 (2022 - $744,023).

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

	February 28, , 2023	**May 31, 2022**
Risk-free interest rate	3.54%	0.85%
Expected life of option	3.0 years	2.5 years
Expected annualized volatility	99.40%	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 February 28, 2023 and 2022, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	February 28, 2023	February 28, 2022
Accounting and legal	$ 66,000	$ 54,000
Consulting	168,751	135,000
Geological consulting fees included in property investigation costs	93,394	48,125
Corporate secretarial	24,750	24,750
Directors' fees	67,500	66,250
Share-based payments	251,411	493,690
Wages and salaries	180,000	180,000
	$ 851,806	$ 1,001,815

In addition, payments to companies with common directors and officers for rent, office, and administration totaled $57,076 (2022 - $56,863).

As at February 28, 2023, due to related parties included $36,039 (May 31, 2022 - $32,282) due to key management personnel. As at February 28, 2023, $27,454 (May 31, 2022 - $nil) in advances to related parties was included within prepaid expenses and advances.

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 February 28, 2023.

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, 2023, the Company had foreign current assets totaling approximately CLP24,552,896 and PEN331,841 and amounts payable totaling approximately US$7,152,159, CLP3,556,230, PEN691,390 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, 2023, would result in a $984,854 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 period.

11. Segmented information:

The Company operates in one segment, 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.

12. Subsequent event:

Subsequent to the period ended February 28, 2023, the Company granted 750,000 stock options with an exercise price of $0.30 and life of five years to a consultant.