



APOLLO SILVER CORP.
(Formerly Apollo Gold & Silver Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Apollo Silver Corp. (formerly Apollo Gold & Silver Corp.)

Opinion

We have audited the accompanying consolidated financial statements of Apollo Silver Corp. (formerly Apollo Gold & Silver Corp.) (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 18, 2022

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	Notes	November 30, 2021	November 30, 2020
ASSETS			
Current assets			
Cash		\$ 15,746,122	\$ 6,125,876
Receivables		53,736	22,002
Prepaid expenses and deposits	6	1,068,144	90,281
Total current assets		\$ 16,868,002	\$ 6,238,159
Non-current assets			
Property and equipment	7	262,547	9,659
Exploration and evaluation assets	8	78,072,736	100,000
TOTAL ASSETS		\$ 95,203,285	\$ 6,347,818
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 250,809	\$ 147,536
Lease liability	9(b)	31,452	-
Total current liabilities		\$ 282,261	\$ 147,536
Non-current liabilities			
Lease liability	9(b)	182,610	-
Warrant liability	10	2,252,836	-
TOTAL LIABILITIES		\$ 2,717,707	\$ 147,536
SHAREHOLDERS' EQUITY			
Capital stock	11	\$ 98,632,134	\$ 13,111,731
Reserves	11(e)	3,267,119	1,325,534
Warrants reserve	11(d)	442,352	447,127
Accumulated other comprehensive income		1,538,937	-
Accumulated deficit		(11,394,964)	(8,684,110)
TOTAL SHAREHOLDERS' EQUITY		\$ 92,485,578	\$ 6,200,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 95,203,285	\$ 6,347,818

Nature and continuance of operations (Note 1)
Subsequent events (Notes 6, 8(a)(ii), 8(b) & 11(d))

Approved and authorized for issue on behalf of the Board on March 18, 2022:

/s/ Tom Peregoodoff
Thomas Peregoodoff, Director

/s/ Steven Thomas
Steven Thomas, Director

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

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

	Notes	Year ended November 30,	
		2021	2020
Operating expenses			
Exploration and evaluation expenses	12	\$ 1,225,323	\$ 195,348
Administrative expenses	13	3,296,787	1,420,398
Write-off of exploration and evaluation assets	8	100,000	-
Depreciation		9,980	988
Loss from operations		4,632,090	1,616,734
Other income			
Fair value adjustment on warrant liability	10	(1,738,694)	-
Gain on foreign exchange		(155,047)	-
Other income		(34,401)	(54,908)
Loss on disposal of equipment		6,906	-
Loss before income taxes		2,710,854	1,561,826
Income taxes		-	-
Net loss for the year		\$ 2,710,854	\$ 1,561,826
Other comprehensive income			
Items that may be reclassified subsequently to loss:			
Currency translation adjustment		\$ (1,538,937)	\$ -
Total other comprehensive income		\$ (1,538,937)	\$ -
Total comprehensive loss for the year		\$ 1,171,917	\$ 1,561,826
Loss per share (basic and diluted)		\$ 0.03	\$ 0.04
Weighted average number of basic and diluted common shares outstanding		96,005,077	37,623,033

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

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

		Year ended November 30,	
	Notes	2021	2020
Operating activities			
Net loss for the year		\$ (2,710,854)	\$ (1,561,826)
Adjustments for non-cash items:			
Share-based payments	11(e)	1,967,723	653,439
Write-off of exploration and evaluation assets	8(c)	100,000	-
Depreciation		9,980	988
Fair value adjustment on warrant liability	10	(1,738,694)	-
Other income		(34,401)	(54,908)
Loss on disposition of property, plant and equipment		6,906	-
Unrealized foreign exchange		(113,669)	-
Changes in non-cash working capital items:			
Receivables		(31,734)	(19,082)
Prepaid expenses		(977,863)	(80,281)
Accounts payable and accrued liabilities		(577,450)	(18,105)
Cash used in operating activities		(4,100,056)	(1,079,775)
Investing activities			
Acquisition of exploration and evaluation assets	14	(36,128,600)	(100,000)
Acquisition of equipment	7	(50,757)	(9,832)
Cash used in investing activities		(36,179,357)	(109,832)
Financing activities			
Proceeds from private placements, net of share issue costs	11(b)	49,426,641	7,230,746
Proceeds from exercise of warrants	11(d)	430,233	73,915
Proceeds from exercise of stock options	11(e)	33,000	-
Payment of lease liabilities	9(b)	(4,954)	-
Cash from financing activities		49,884,920	7,304,661
Effect of changes in foreign exchange rates on cash		14,739	-
Increase in cash		9,620,246	6,115,054
Cash, beginning of year		6,125,876	10,822
Cash, end of year		\$ 15,746,122	\$ 6,125,876

The non-cash investing activities not already disclosed in the consolidated statements of cash flows were as follows:

		Year ended November 30,	
	Notes	2021	2020
Investing activities			
Shares and warrants issued on acquisition of Stronghold Silver Corp.	14(a)	\$ 39,591,148	\$ -

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

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Stated in Canadian Dollars)

	Notes	Number of common shares	Share capital	Equity reserves			Share-based payments reserve	Accumulated other comprehensive income	Accumulated deficit	Total
				Warrants reserve	Other reserves					
Balance at November 30, 2019		20,140,584	\$ 6,254,197	\$ -	\$ 672,095	\$ -	\$ -	\$ (7,122,284)	\$ (195,992)	
Net loss for the year		-	-	-	-	-	-	(1,561,826)	(1,561,826)	
Shares issued in private placement		30,532,000	7,629,000	-	-	-	-	-	7,629,000	
Share issue costs		-	(398,254)	-	-	-	-	-	(398,254)	
Shares issued on exercise of warrants		147,830	75,249	(1,334)	-	-	-	-	73,915	
Broker warrants		-	(448,461)	448,461	-	-	-	-	-	
Share-based payments		-	-	-	-	653,439	-	-	653,439	
Balance at November 30, 2020		50,820,414	\$ 13,111,731	\$ 447,127	\$ 672,095	\$ 653,439	\$ -	\$ (8,684,110)	\$ 6,200,282	
Balance at November 30, 2020		50,820,414	\$ 13,111,731	\$ 447,127	\$ 672,095	\$ 653,439	\$ -	\$ (8,684,110)	\$ 6,200,282	
Net loss for the year		-	-	-	-	-	-	(2,710,854)	(2,710,854)	
Shares issued on exercise of warrants	11(d)	1,360,825	446,692	(4,775)	-	-	-	-	441,917	
Shares issued on exercise of options	11(e)	100,000	59,138	-	-	(26,138)	-	-	33,000	
Shares issued in private placement	11(b)	70,533,334	52,900,001	-	-	-	-	-	52,900,001	
Share issue costs in private placement	11(b)	-	(3,473,360)	-	-	-	-	-	(3,473,360)	
Shares issued on acquisition of exploration and evaluation assets	14	40,000,000	35,587,932	-	-	-	-	-	35,587,932	
Share-based payments		-	-	-	-	1,967,723	-	-	1,967,723	
Other comprehensive income		-	-	-	-	-	1,538,937	-	1,538,937	
Balance at November 30, 2021		162,814,573	\$ 98,632,134	\$ 442,352	\$ 672,095	\$ 2,595,024	\$ 1,538,937	\$ (11,394,964)	\$ 92,485,578	

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

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended November 30, 2021

(Stated in Canadian Dollars, unless otherwise noted)

1. NATURE AND CONTINUANCE OF OPERATIONS

Apollo Silver Corp. (the “Company” or “Apollo”), formerly Apollo Gold & Silver Corp., is a publicly listed exploration and development company incorporated on September 22, 1999, under the laws of the Province of Alberta, Canada. The Company filed for continuance under the Canada Business Corporations Act on December 1, 2003, and then under the laws of British Columbia on November 4, 2010. On September 2, 2021, Apollo received approval from the TSX-V to change its name from *Apollo Gold & Silver Corp.* to *Apollo Silver Corp.*, effective as at the opening of markets on September 10, 2021. The Company is listed on the TSX Venture Exchange (“TSX-V”) and its shares trade under the symbol APGO. The Company is also listed on the OTCQB and Frankfurt Stock Exchange and its shares trade under the symbols APGOF and 6ZF0, respectively. The Company’s head office and registered and records office is #710-1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3.

The Company, together with its subsidiaries, is a mineral exploration and development group focused on advancing its portfolio of two significant silver exploration and resource development projects in the United States. This portfolio includes the Calico Silver Project (the “Calico Project”) which is comprised of the Waterloo property (the “Waterloo Property”) and the Langtry property (the “Langtry Property”), in San Bernardino County, California, and the Arizona Silver District Project (the “AZ Silver District Project”) in La Paz County, Arizona. The principal business of the Company is the acquisition, exploration, and definition of potentially economically viable mineral resource deposits on mineral properties in tier-one jurisdictions.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. For the year ended November 30, 2021, the Company had no operating revenue and incurred a net loss of approximately \$2.71 million (November 30, 2020 - \$1.56 million). At November 30, 2021, the Company had consolidated cash of \$15.75 million (November 30, 2020 - \$6.13 million) to apply against current liabilities of approximately \$282,000 (November 30, 2020 - \$148,000).

At November 30, 2021, the Company believed that it had adequate resources to maintain its minimum obligations arising over the next 12 months, including general corporate activities, based on its cash position and its ability to pursue additional sources of financing, including equity placements.

The Company currently has no source of operating cash flow and no assurance that additional funding will be available for future exploration and development programs at its properties or to enable the Company to fulfill its obligations under any applicable agreements. The Company’s ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to continue to explore, evaluate and develop its mineral properties and, ultimately, to achieve profitable operations. While the Company has been successful in obtaining funding in the past, there is no assurance that future financing will be available or be available on favorable terms. The ability to secure financing may be impaired, or such financing may not be available on favorable terms due to conditions beyond the Company’s control, such as uncertainty in capital markets, changes in commodity prices or country-specific risk factors.

The global spread of COVID-19 has caused and continues to cause considerable disruptions to the world economy, including financial markets, which could adversely impact the Company’s ability to obtain additional financing when necessary. Global supply chains also continue to be impacted, which could adversely impact the Company by increasing costs and lead-times to acquire or procure necessary services and products. Finally, the ongoing pandemic continues to impact the free movement of people across the Canada-US border. The duration of the current border-related restrictions, and any change to the level and types of restriction of movement, is unknown. As the Company’s projects are located in the US, this could impact Apollo’s ability to execute planned work programs. Overall, these pandemic-related material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended November 30, 2021

(Stated in Canadian Dollars, unless otherwise noted)

2. BASIS OF PREPARATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), effective as of November 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except as disclosed in these accounting policies.

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. Each of the Company’s subsidiaries determines its own functional currency, and items included in the financial statements of each subsidiary are measured in that functional currency. The functional currency of Apollo’s foreign exploration and development subsidiary in the USA is the US dollar.

References to “\$” are to Canadian dollars, except where otherwise indicated.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity’s activities. The financial statements of subsidiaries are included in the consolidated financial statements as at the date that control commences until the date that control ceases. If the Company’s interest in a subsidiary that it has determined it controls, is less than 100%, the interest attributable to non-controlling shareholders is recognized as non-controlling interest.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Company.

At November 30, 2021 and 2020, the Company’s subsidiaries are as follows:

Name of significant subsidiaries	Place of incorporation or registration	Method of Accounting at November 30,		Effective ownership interest at November 30,		Principal Activity
		2021	2020	2021	2020	
1302259 B.C. Ltd.	British Columbia, Canada	Consolidation	n/a	100%	0%	Holding Company
Stronghold Silver USA Corp.	California, USA	Consolidation	n/a	100%	0%	Exploration and Development

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

(d) Business combinations

Acquisitions of subsidiaries which represent business combinations are accounted for using the acquisition method. The consideration transferred is measured at the aggregate of the fair value, at the date of exchange, of assets given up, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree’s identifiable assets and liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date, except for certain assets and liabilities which are recognized and measured in accordance with the applicable IFRS guidance.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company’s interest in the net fair value of the acquiree’s identifiable assets and liabilities exceeds the cost of the business combination, the excess is

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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recognized immediately in profit or loss.

Non-controlling interests present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Transaction costs, other than those associated with the issuance of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

(e) *Foreign currency*

(i) *Foreign currency transactions*

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the exchange rate on the date when the fair value was measured. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations are translated into Canadian dollars using the exchange rates as at the date of the statement of financial position. The income and expenses of foreign operations are translated into Canadian dollars using the exchange rates prevailing on the transaction dates.

Foreign currency differences are recognized in other comprehensive income and accumulated in other reserves within equity, except to the extent that the translation difference is allocated to non-controlling interests. On the disposal of a foreign operation, such exchange differences are reclassified from other reserves to profit or loss.

(f) *Cash and cash equivalents*

Cash and cash equivalents comprise demand deposits held with banks and short-term highly liquid investments that are readily convertible into known amounts of cash with original terms of three months or less. The Company's cash is held in banks in Canada and the United States.

(g) *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in property, plant and equipment if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation on property, plant and equipment is recognized on either a declining balance or straight-line basis to write down the cost or valuation less estimated residual value of the asset. The rates generally applicable are:

- Computer equipment 55% declining balance
- Furniture and equipment 20% declining balance
- Leasehold improvements straight-line over the term of the lease
- Right-of-use assets straight-line over the shorter of the lease term or the useful life of the underlying asset

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(Stated in Canadian Dollars, unless otherwise noted)

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the equipment and are recognized in the statements of profit or loss.

(h) Financial instruments

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value, net of directly attributable transaction costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), where transaction costs are expensed in the period in which they are incurred. Financial instruments are subsequently classified and measured at: (i) amortized cost; (ii) fair value through profit or loss; (iii) or fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets

i) Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVTOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the consolidated statements of loss.

ii) Financial assets at FVTOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income with no reclassification to the consolidated statements of loss. The election is available on an investment-by-investment basis.

iii) Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, receivables and deposits are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities, including accounts payable and accrued liabilities, lease liability and warrant liability are recognized initially at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of loss when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities, lease liability and warrant liability are classified as and measured at amortized cost.

APOLLO SILVER CORP. (Formerly Apollo Gold & Silver Corp.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Stated in Canadian Dollars, unless otherwise noted)

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in the consolidated statements of loss.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

A loss allowance for expected credit losses is recognized for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net loss.

(i) *Exploration and evaluation costs*

The costs of acquiring the legal rights to explore the Company's exploration and evaluation assets are capitalized

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on a property-by-property basis pending determination of the technical feasibility and the commercial viability of each project. Acquisition costs may include cash consideration, the value of common shares issued based on fair values, and the fair value of share purchase warrants and options issued based on amounts determined using the Black-Scholes option pricing model, for mineral property interests pursuant to the terms of the agreement.

Exploration and evaluation assets acquired under an option agreement where a payment, or series of payments are made at the sole discretion of the Company are also capitalized at the time of payment. Property interests granted to others under an option agreement where payments to be made to the Company are at the sole discretion of the optionee, are recorded as recoveries at the time of receipt. Where recoveries exceed costs, such amounts are recognized in profit or loss.

Other direct exploration and evaluation costs are charged to profit or loss in the period incurred until such time it has been determined that the associated mineral property has economically viable reserves and the decision to proceed with development has been approved, in which case subsequent exploration and evaluation costs are capitalized as mineral properties. Other direct exploration and evaluation costs may include, but are not limited to, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, as well as value-added taxes in relation to these direct exploration and evaluation costs incurred in foreign jurisdictions when recoverability of those taxes is uncertain.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(j) *Leases*

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate.

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The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability and makes a corresponding adjustment to the related ROU asset whenever:

- the lease term has changed;
- the lease payments change due to changes in an index;
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

ROU assets are included in property, plant and equipment, and the lease liability is presented separately in the consolidated statements of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not applied this practical expedient to any of its leases and has separated out non-lease components.

(k) Impairment of non-financial assets

Impairment tests on non-financial assets are performed whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to dispose, the asset is written down accordingly. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a cash-generating unit (“CGU”) and the impairment test is carried out on the asset’s CGU, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss. An assessment is made at each reporting date as to whether there is any indication of impairment or a change in events or circumstances relating to a previously recognized impairment. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s or CGU’s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset or CGU in prior years.

(l) Provisions

(i) Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability

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is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss. The Company had no rehabilitation obligations as at November 30, 2021, and November 30, 2020.

(ii) Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

(m) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, certain share purchase warrants and share purchase options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares in the Company. The fair value of the components of the units sold are measured using the relative fair value approach, where one component (common shares) is measured first and the residual amount is allocated to the remaining component.

(n) Share-based payments

The Company grants equity-settled share options to its directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services like those performed by an employee.

When equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period. Where equity instruments are granted to employees or others providing similar services, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statements of profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of goods or services cannot be reliably measured), and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in other equity reserve, until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(o) Operating segments

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available.

At November 30, 2021, the Company has two operating segments being the acquisition, exploration and development of mineral properties in the United States and the Company's head office, which is located in Vancouver, Canada.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Chief Executive Officer of the Company.

(p) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive equity instruments are excluded from the loss per share calculation, as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding

(q) Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. A premium liability is recognized for the share price premium paid by investors when acquiring the flow-through shares. The premium liability is reduced and other income is recognized as eligible expenditures are incurred and the tax deductions have been renounced to the investors.

(r) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit or other current tax activities, which differs from profit or loss in the consolidated financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it is not recognized in the consolidated financial statements.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(s) Comparative figures

Certain figures in the comparative financial statements have been reclassified to conform with current period presentation.

4. CHANGE IN ACCOUNTING POLICIES AND ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) Change in accounting policy – exploration & evaluation expenditures

The Company has adopted a voluntary change in its accounting policy for exploration and evaluation expenditures, effective June 1, 2021. The Company has determined that the change in accounting policy will increase peer company comparability and will enhance the relevance of the financial statements for users. Historically, once the Company had the legal right to explore a property, all costs related to exploration and evaluation of that property were capitalized as exploration and evaluation assets on the Company's statement of financial position. The Company has changed this accounting policy to expense exploration and evaluation expenditures until such time that an appropriate economic assessment has been completed and there is confidence that permits can be obtained to develop the project. The Company will continue to capitalize all acquisition-related costs, including option payments, when incurred to obtain the legal right to explore the property. The accounting policy change has been applied on a retrospective basis to these consolidated financial statements. There are no adjustments required to previously reported amounts in the opening statement of financial position, the comparative statements of loss and comprehensive loss for the year ended November 30, 2020, or the statement of cash flows as at November 30, 2020.

(b) The Company has adopted the following amendments to IFRS:

Amendments to IFRS 3, *Business Combinations* (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. The definition of a business has been amended to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and to exclude returns in the form of lower costs and other economic benefits. The amendment includes an optional test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. These amendments did not impact the Company's consolidated financial statements or disclosures at the time of adoption.

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Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020) were made to refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition and the threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. These amendments did not impact the Company’s consolidated financial statements or disclosures at the time of adoption.

- (c) *The Company has not applied the following amendments to standards that have been issued but are not yet effective:*

Amendments to IAS 1, *Presentation of Financial Statements* (effective January 1, 2023) clarifies the presentation of liabilities in the statement of financial position. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of ‘settlement’ to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. Management is currently assessing the impact of this amendment.

5. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

In the process of applying the Company’s accounting policies, which are described in Note 3 to the consolidated financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (“COVID-19”). COVID-19 has had an adverse impact on global economic conditions, including global supply chain disruptions, government response actions, business closures and disruptions and the availability of financing. Areas of judgment and estimation uncertainty which may be impacted by COVID-19 include estimates used to determine long-lived asset recoverability and recognition of tax assets, and management’s assessment of Apollo’s ability to continue as a going concern. The duration of the pandemic and its impact on the Company’s financial performance is an area of estimation uncertainty and judgment that is continuously monitored and reflected in management’s estimates.

The most significant areas of judgments made by management are as follows:

- (i) *Impairment of mineral properties and property, plant & equipment*

Assets or CGU’s are evaluated at each reporting date to determine whether there are any indications of impairment. Both internal and external sources of information are considered when making the assessment of whether there are indications of impairment for mineral properties and property, plant and equipment. External sources of information considered are changes in the Company’s economic, legal and regulatory environment that it does not control but affect the recoverability of its assets. Internal sources of information considered include the manner in which mineral properties and property, plant and equipment are being used or are expected to be used, the viability of the projected, including the latest resources prices and the long-term forecasts, and indications of economic performance of those assets.

If any indication of impairment exists, a formal estimate of recoverable amount is performed, and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or CGU is measured at the higher of fair value less costs to sell and value in use. At

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November 30, 2021, the Company had not identified any indicators of impairment.

(ii) *Determination of functional currency*

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the Company has determined that its functional currency is the Canadian dollar (Note 3(b)).

Determination of functional currency may involve certain judgments to determine the primary economic environment that an entity operates in. The Company reconsiders the functional currency of its entities if there is any change in events and conditions which determined the primary economic environment.

(iii) *Determination of whether a contract contains a lease*

In accordance with IFRS 16, the Company has to assess whether or not a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The most significant estimates made by management are as follows:

(i) *Income tax*

The determination of income tax is inherently complex and requires making certain estimates and assumptions 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. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

(ii) *Valuation of share-based payments, share purchase warrants and shares issued as consideration*

Share-based payments, including share purchase options (Note 11(e)) and share purchase warrants (Note 11(d)) are subject to estimation of the fair value of the equity-settled award at the date of grant using pricing models such as the Black-Scholes option pricing model. Option valuation models require the input of highly subjective assumptions including the expected stock price volatility and expected life. Changes in these assumptions can materially affect the fair value estimate, so the existing models do not necessarily provide a reliable measure of the fair value, which may impact the Company's net loss, statement of financial position and equity reserves. Shares issued as consideration in a transaction such as an asset acquisition (Note 14(a)) are also subject to estimation of the fair value on the date of issuance. Significant assumptions are required to be made when management determines the fair value, and any changes in the assumptions would have an impact on the fair value of the shares issued.

(iii) *Determination of useful lives of property, plant and equipment and the related depreciation*

Depreciation expenses are allocated based on estimated lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statement of loss and comprehensive loss on a prospective basis.

(iv) *Discount rate used to determine lease liabilities*

Significant assumptions are required to be made when management determines Company's incremental borrowing rate. The incremental borrowing rate is used to present value the future lease payments and any changes in the estimated rate would have an impact on the lease liability, ROU assets, depreciation expense and interest expense.

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6. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits include approximately \$895,000 in prepaid marketing and investor relation expenses relating to its engagement of Future Money Trends LLC (“FMT”), which was entered into in July 2021 for a term of 12 months.

On February 25, 2022, the Company announced that it had terminated its engagement of FMT, effective immediately, as the Company was unable to receive approval of the engagement from the TSXV. As the agreement was terminated prior to the completion of the term of the engagement, the Company has demanded that FMT return a pro rata portion of the US\$1,100,000 pre-payment, equal to approximately US\$458,000, as only seven months of the twelve-month term had been completed.

7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	ROU assets (Note 9(a))	Total
Cost					
Balance - November 30, 2019	\$ 4,164	\$ -	\$ -	\$ -	\$ 4,164
Additions	5,104	4,728	-	-	9,832
Balance - November 30, 2020	9,268	4,728	-	-	13,996
Additions	16,628	-	34,129	219,017	269,774
Write-offs and disposals	(9,267)	(4,728)	-	-	(13,995)
Balance - November 30, 2021	\$ 16,629	\$ -	\$ 34,129	\$ 219,017	\$ 269,775
Accumulated amortization					
Balance - November 30, 2019	\$ 3,349	\$ -	\$ -	\$ -	\$ 3,349
Charge for the year	949	39	-	-	988
Balance - November 30, 2020	4,298	39	-	-	4,337
Charge for the year	4,434	703	1,193	3,650	9,980
Write-offs and disposals	(6,347)	(742)	-	-	(7,089)
Balance - November 30, 2021	\$ 2,385	\$ -	\$ 1,193	\$ 3,650	\$ 7,228
Net book value - November 30, 2020	\$ 4,970	\$ 4,689	\$ -	\$ -	\$ 9,659
Net book value - November 30, 2021	\$ 14,244	\$ -	\$ 32,936	\$ 215,367	\$ 262,547

8. EXPLORATION AND EVALUATION ASSETS

		California	Arizona	Chile	
	Note	Calico Silver Project (Note 8(a))	Arizona Silver District Project (Note 8(b))	Chilean properties (Note 8(c))	Total
Balance - November 30, 2019		\$ -	\$ -	\$ -	\$ -
Acquisition costs		-	-	100,000	100,000
Balance - November 30, 2020		\$ -	\$ -	\$ 100,000	\$ 100,000
Acquisition costs	14(a) & 14(b)	72,787,605	3,647,267	-	76,434,872
Write-offs and disposals		-	-	(100,000)	(100,000)
Effect of movements in exchange rates		1,564,570	73,294	-	1,637,864
Balance - November 30, 2021		\$ 74,352,175	\$ 3,720,561	\$ -	\$ 78,072,736

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(a) Calico Silver Project, California, USA

The Calico Silver Project, comprised of the adjacent Waterloo Property and Langtry Property, is located in the Calico Silver Mining District in the Mojave Desert of San Bernardino County, California, USA. The Project is situated approximately 145 miles (233 km) northeast of Los Angeles, approximately halfway between Los Angeles and Las Vegas, Nevada along the I-15 interstate highway.

(i) The Waterloo Property

The Waterloo Property comprises 27 fee simple land parcels (1,352 acres) and 21 unpatented claims (19 lode mining claims, 2 mill site claims) (418 acres), totaling approximately 1,770 gross acres. Apollo's wholly-owned subsidiary, Stronghold Silver USA Corp. ("Stronghold USA") acquired the 100% interest in the Waterloo Property on July 12, 2021 from Pan American Minerals Inc. ("Pan American"), a wholly-owned subsidiary of Pan American Silver Corp. Pan American retains a 2% Net Smelter Royalty on any future production of minerals from the Waterloo Property.

(ii) The Langtry Property

The Langtry Property comprises 20 patented claims (413 acres) and 38 unpatented lode mining claims (767 acres), totaling approximately 1,180 acres. 20 patented claims and two unpatented claims are under option between Stronghold USA and the Bruce and Elizabeth Strachan Revocable Living Trust dated 7-25-2007 ("Strachan"), while the remaining 36 unpatented claims are under option between Stronghold USA and Athena Minerals Inc. ("Athena"). Each agreement is subject to various royalties and encumbrances.

Strachan Agreement

Stronghold USA, the optionee, and Strachan, the optionor, entered into an Option to Purchase Agreement (the "Strachan Agreement") dated December 23, 2020, which gives Stronghold USA the right to acquire a 100% interest in 20 patented land claims and two unpatented lode mining claims forming a portion of the Langtry Property ("Strachan Lands") for the aggregate purchase price of the greater of 1) US\$5,200,000 or 2) the spot price of 220,000 troy ounces of silver, on or before December 24, 2025.

Under the terms of the Strachan Agreement, Stronghold USA is required to pay US\$100,000 on each Strachan Agreement anniversary date to maintain the option in good standing. All payments made during the term of the option shall be applied to the purchase price. Upon full exercise of the option, Stronghold USA will grant to Strachan the following: 1) a 1% Net Smelter Royalty on any future production of silver from the Strachan Lands; 2) a 5% gross royalty on all other mineral production from the Strachan Lands; and 3) a 10% gross royalty on all other non-mineral production income derived from any other commercial use of the Strachan Lands.

As at November 30, 2021, one non-refundable payment of US\$100,000 had been made under the Strachan Agreement (paid in December 2020, prior to the Stronghold Transaction), and a second non-refundable payment of US\$100,000 was made in December 2021, both of which will be credited against the final purchase price at the time of exercise.

Athena Agreement

Stronghold USA, the optionee, and Athena, the optionor, entered into an Option to Purchase Agreement (the "Athena Agreement") dated December 21, 2020, which gives Stronghold USA the right to acquire 100% interest in 36 unpatented lode mining claims forming a portion of the Langtry Property ("Athena Lands") for an aggregate purchase price of US\$1,000,000 to be made on or before December 21, 2025.

Terms of the option include US\$15,000 upon execution of the Athena Agreement (paid in December 2020, prior to the Stronghold Transaction) and US\$25,000 on each Athena Agreement anniversary date. All payments made by the optionee to the optionor during the 24-month period prior to the full exercise of the option shall be credited against the purchase price.

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Upon vesting of 100% interest, Stronghold USA will grant to Athena a 1% Net Smelter Royalty on any future production of minerals from the Athena Lands. The royalty shall only apply on those Athena Lands that currently do not have existing royalties of 1% or higher such that at no time will any property have a royalty of greater than 2%.

In December 2021, the Company made a non-refundable payment of US\$25,000 to Athena, under the terms of the Athena Agreement.

(b) Arizona Silver District Project, Arizona, USA

The AZ Silver District Project is a district-scale property position located in the heart of the historic Silver Mining District in La Paz County, southwestern Arizona. The AZ Silver District Project comprises three patented claims, 85 unpatented lode mining claims, 23 unpatented mill and a state exploration lease, totalling over 2,000 acres.

Stronghold USA, the optionee, and Gulf + Western Industries Inc. (“Gulf”), the optionor, entered into an Option to Purchase Agreement dated January 22, 2021 (the “AZ Silver District Option Agreement”), which gives Stronghold USA the right to acquire a 100% interest in mineral claims and leased lands forming the AZ Silver District Project for an aggregate purchase price of US\$1,970,000 to be made in a series of payments on or before January 22, 2026.

Terms of the AZ Silver District Option Agreement include:

- (i) US\$70,000 due upon closing (paid in January 2021);
- (ii) US\$100,000 plus US\$100,000 in common shares of Apollo on January 22, 2022 (paid in January 2022);
- (iii) US\$125,000 plus US\$125,000 in common shares of Apollo on January 22, 2023;
- (iv) US\$175,000 plus US\$175,000 in common shares of Apollo on January 22, 2024;
- (v) US\$250,000 plus US\$250,000 in common shares of Apollo on January 22, 2025;
- (vi) US\$300,000 plus US\$300,000 in common shares of Apollo on January 22, 2026.

Additional bonus payments will be made by Apollo in the following events;

- (i) US\$250,000 plus US\$250,000 in common shares of Apollo in the event the property becomes the flagship property of the company on or before January 22, 2024;
- (ii) US\$250,000 plus US\$250,000 in common shares of Apollo in the event Apollo declares a NI 43-101 compliant resource of at least 30 million ounces of silver on or before January 22, 2024;
- (iii) US\$3,000,000 in the event that the price of silver exceeds US\$125/ounce for ninety days on or before January 22, 2026.

Upon vesting of the 100% interest, Apollo will grant to Gulf a 2% Net Smelter Royalty on any future production of minerals from the AZ District Project.

In January 2022, the Company made the payment of US\$100,000 due on the first anniversary of the effective date of the AZ Silver District Option Agreement and issued an aggregate of 203,322 common shares of the Company at a price of C\$0.617 per share representing a value of approximately \$125,450 (US\$100,000 on the deemed conversion date) to Gulf.

(c) Apolo and San Carron Project, Chile

On March 25, 2020, the Company entered into an option agreement with Lithium Chile Inc., and Compania Minera Kairos Chile Limitada, giving the Company the option to earn up to a 90% interest in two early-stage exploration properties in the El Indio Gold Belt of central Chile (the “El Indio Option Agreement”). After closing the amalgamation with Stronghold (Note 14(a)) and the resultant change in strategy and focus of the Company, Apollo served notice to the vendors that it had terminated the El Indio Option Agreement. As a result, the carrying value of \$100,000 relating to the Apollo and San Carron Mineral Property was written-off and expensed in the consolidated statements of loss and comprehensive loss.

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9. LEASES*(a) Right-of-use-assets*

At November 30, 2021, \$215,367 (November 30, 2020 - \$Nil) of ROU assets, consisting of the Company's head office premises in Vancouver, BC, are recorded as part of property and equipment. ROU assets are depreciated on a straight-line basis over the shorter of the lease term of the useful life of the underlying assets.

	Office	Total
Net book value of ROU assets at November 30, 2020	\$ -	\$ -
Additions	219,017	219,017
Amortization charge for the year	(3,650)	(3,650)
Net book value of ROU assets at November 30, 2021	\$ 215,367	\$ 215,367

(b) Lease liabilities

The Company's leases comprise only fixed payments over the term of the lease. The Company recorded interest expense of \$Nil on lease liabilities for the year ended November 30, 2021 (November 30, 2020 - \$Nil). The Company also recorded expenses of \$40,000 (November 30, 2020 - \$53,000) related to short-term leases.

	Year ended November 30,	
	2021	2020
Lease liability continuity		
Balance at beginning of year	\$ -	\$ -
Non-cash changes		
Addition on November 1, 2021	219,017	-
Cash flows		
Principal payments	(4,954)	-
Total lease liabilities, end of year	\$ 214,063	\$ -

The contractual maturities in respect of the Company's lease obligations are as follows:

	November 30,	November 30,
	2021	2020
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 59,454	\$ -
One to two years	59,579	-
Two to three years	60,952	-
Three to four years	61,077	-
Four to five years	57,246	-
Total undiscounted lease liabilities	298,308	-
Effect of discounting	(84,246)	-
Total lease liabilities	\$ 214,062	\$ -
Current	\$ 31,452	\$ -
Non-current	\$ 182,610	\$ -

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10. WARRANT LIABILITY

The Company's warrant liability arises as a result of the 5,010,638 warrants assumed by the Company in the Stronghold Transaction (Note 14(a)) bearing an exercise price denominated in US dollars (the "Stronghold Warrants") and which became exercisable into common shares of Apollo at the time of closing. As the denominated currency of the Stronghold Warrants exercise price is different from the Canadian dollar functional currency of Apollo, the entity responsible for issuing the underlying shares, the Company has recognized a derivative liability for these warrants at fair value, which will be re-measured at each reporting date using the Black-Scholes option-pricing model. As at November 30, 2021, the fair value of the Stronghold Warrants was estimated to total approximately \$2.3 million, compared to \$4.0 million upon initial recognition (on July 8, 2021), resulting in an approximate \$1.7 million fair value adjustment recorded in the statement of loss and other comprehensive loss for the year ended November 30, 2021. As at November 30, 2021, 4,760,638 of the outstanding Stronghold Warrants were held by a director of the Company.

Changes in respect of the Company's warrant liability are as follows:

	Number of warrants	Fair value of warrant liability
Outstanding, November 30, 2020	-	\$ -
Acquisition of Stronghold Warrants (Notes 10, 11(d)(i) & 14(a))	5,010,638	4,003,216
Exercise of Stronghold Warrants	(25,000)	(11,686)
Fair value adjustment	-	(1,738,694)
Outstanding, November 30, 2021	4,985,638	2,252,836

Valuation of the warrant liability requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing warrants is based on volatility observed in historical periods and comparative companies in the industry. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the warrant liability was calculated as at the date of initial recognition, July 8, 2021, and November 30, 2021, using the Black-Scholes option-pricing model with the following weighted-average assumptions and resulting fair values:

	November 30, 2021	July 8, 2021
Risk-free interest rate	0.94%	0.48%
Expected warrant life (years)	1.36	1.75
Expected stock price volatility	75.44%	103.49%
Expected dividend yield	\$0.00	\$0.00
Estimated fair value of each Warrant	\$0.45	\$0.80

11. SHARE CAPITAL AND RESERVES*(a) Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value. At November 30, 2021, the Company had 162,814,573 common shares issued and outstanding (November 30, 2020 – 50,820,414).

(b) Brokered private placement

On July 6, 2021, the Company closed a brokered private placement of 70,533,334 subscription receipts (the "Subscription Receipts") at a price of \$0.75 per Subscription Receipt for total gross proceeds of \$52.9 million (the "Private Placement"). Upon satisfaction of certain escrow release conditions, each Subscription Receipt was automatically converted into one unit of the Company (a "Unit"). Each Unit consisted of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company (each a "Warrant Share") at a price of \$1.25 per Warrant Share until July 6, 2023.

In connection with the Private Placement, the brokers received an aggregate cash fee of approximately \$3.21 million, which was equal to 6.0% of the gross proceeds from any subscriptions, except in respect of subscriptions

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by purchasers on the President's List, on which there was a cash commission equal to 3.0% of the gross proceeds from such sale. Total share issue costs relating to the Private Placement were \$3.47 million, which included the total cash fees paid to the brokers upon closing of approximately \$3.21 million. The net proceeds of the Private Placement have been bifurcated using the residual fair value method, resulting in \$Nil value being allocated to the Warrants that were issued.

(c) Private placements in prior year

On April 27, 2020, the Company closed a private placement of 12,500,000 units at \$0.05 per unit for gross proceeds of \$625,000. Each unit consisted of one Common Share and one warrant to purchase one Common Share of the Company at a price of \$0.25 until April 27, 2022. There were no share issue costs associated with this private placement.

On May 27, 2020, the Company closed a private placement of 8,032,000 units at \$0.25 per unit for gross proceeds of approximately \$2.01 million. Each unit consisted of one Common Share and one-half of one common share purchase Warrant. Each Warrant entitles the holder to purchase an additional common share at a price of \$0.50 until August 5, 2022. In connection with this private placement, the Company paid \$65,085 in share issue costs and issued 320,600 finders' warrants valued at \$88,362 to purchase one common share for \$0.50 per share for a period of two years. The finders' warrants were valued using the Black-Scholes model using the following assumptions: risk free rate of 0.30%, expected life 2 years, estimated volatility of underlying common shares of 100%, forfeiture rate of 0%, and expected dividend yield of 0%.

On August 6, 2020, the Company closed a private placement of 10,000,000 units at \$0.50 per unit for gross proceeds of \$5.0 million. Each unit consists of one Common Share and one-half of common share purchase Warrant. Each Warrant entitles the holder to purchase an additional common share at price of \$0.75 per share until August 6, 2022. In connection with this private placement, the Company paid \$283,855 in share issue costs and issued 498,470 finders' warrants valued at \$360,099 to purchase one common share for \$0.75 per share until August 6, 2022. The finders' Warrants were valued using the Black-Scholes model using the following assumptions: risk free rate of 0.23%, expected life 2 years, estimated volatility of underlying common shares of 100%, forfeiture rate of 0%, and expected dividend yield of 0%.

The Company paid other share issue costs of \$49,314 in the year ended November 30, 2020.

(d) Share purchase warrants

During the year ended November 30, 2021, a total of 1,360,825 (November 30, 2020 – 147,830) warrants were exercised resulting in the issuance of 1,360,825 (November 30, 2020 – 147,830) common shares for gross proceeds of \$430,233 (November 30, 2020- \$73,915).

Warrants transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding, November 30, 2019	-	\$ -
Granted in private placements	21,516,000	0.41
Issues of finders' fee warrants	819,070	0.65
Exercise of finders' fee warrants	(147,830)	0.50
Outstanding, November 30, 2020	22,187,240	0.42
Issuance of warrants in Private Placement (Note 11(b))	35,266,667	1.25
Exercise of warrants classified as equity instruments	(1,335,825)	0.33
Acquisition of Stronghold Warrants (Notes 10, 11(d)(i) & 14(a))	5,010,638	0.25
Exercise of warrants classified as financial liabilities (Note 10)	(25,000)	0.25
Outstanding, November 30, 2021	61,103,720	\$ 0.89

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Details of the warrants outstanding as at November 30, 2021 are as follows:

Expiry Date	Note	Number of warrants	Weighted average exercise price (\$ per warrant)	Weighted average remaining contractual life (years)
April 27, 2022		11,500,000	\$ 0.25	0.41
May 26, 2022		3,870,445	0.50	0.48
August 5, 2022		5,480,970	0.75	0.68
April 9, 2023	10, 11(d)(i) & 14(a)	4,985,638	0.26	1.36
July 6, 2023		35,266,667	1.25	1.60
		61,103,720	\$ 0.89	1.20

(i) The warrants expiring April 9, 2023 have an exercise price of US\$0.20 which has been converted to CAD using the period-end foreign exchange rate for presentation purposes in the above tables. These warrants are classified as financial liabilities in these consolidated financial statements and upon exercise, the fair value of the liability at the time of exercise is derecognized and transferred to share capital (Note 10).

A total of 1,442,500 warrants have been exercised subsequent to November 30, 2021, resulting in the issuance of 1,442,500 common shares of the Company for gross proceeds of approximately \$362,000.

(e) Share-based payments

The Company has a stock option plan (the “Plan”) under which it is authorized to grant share purchase options to executive officers and directors, employees and consultants of the Company. The aggregate number of securities reserved for issuance will be not more than 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option will be equal to the market price of the Company’s stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the Board of Directors.

In the year ended November 30, 2021, 5,400,000 share purchase options were granted to directors, officers, employees and consultants of Apollo (November 30, 2020 – 2,500,000).

Share-based payments expense for the year ended November 30, 2021 is \$1,967,723 (November 30, 2020 - \$653,439), and has been allocated between administrative expenses (Note 13) and exploration and evaluation expenses (Note 12) in the consolidated statements of loss and comprehensive loss.

The following is a summary of share purchase options activity for the year ended November 30, 2021:

	Year ended November 30, 2021		Year ended November 30, 2020	
	Number of stock options	Weighted average exercise price (\$ per share)	Number of stock options	Weighted average exercise price (\$ per share)
Outstanding, beginning of year	2,500,000	\$ 0.33	-	\$ -
Granted	5,400,000	0.84	2,500,000	0.33
Exercised	(100,000)	0.33	-	-
Forfeited	(200,000)	0.86	-	-
Outstanding, end of year	7,600,000	\$ 0.68	2,500,000	\$ 0.33
Exercisable, end of year	4,198,821	\$ 0.71	1,666,667	\$ 0.33

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The weighted average fair value of the share purchase options granted during the year ended November 30, 2021, has been estimated to be \$0.58 (November 30, 2020 - \$0.26) using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year ended November	
	2021	2020
Exercise price	\$0.84	\$0.33
Risk-free interest rate	0.62%	0.41%
Expected life (years)	3.00	5.00
Expected stock price volatility	116%	100%
Forfeiture rate	0%	0%
Expected dividend yield	0%	0%

The following is a summary of share purchase options outstanding as at November 30, 2021:

Options outstanding			Options exercisable	
Exercise price (\$ per share)	Number of stock options	Weighted average remaining contractual life (years)	Number of stock options	Weighted average remaining contractual life (years)
\$0.33	2,400,000	3.43	2,400,000	3.43
\$0.71	600,000	4.94	200,000	4.94
\$0.82	250,000	4.82	83,333	4.82
\$0.86	4,350,000	4.54	1,515,488	4.35
	7,600,000	4.23	4,198,821	3.86

12. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses are summarized as follows:

	Year ended November 30,	
	2021	2020
Salaries	\$ 125,535	\$ -
Share-based payments	406,937	-
Permits, fees and licences	156,290	-
Geophysics	110,607	-
Exploration & geology	154,223	195,348
Resource development	23,754	-
Community	25,118	-
Professional fees	95,977	-
Operations, health & safety	84,753	-
Travel	21,521	-
Other	20,608	-
Total exploration and evaluation expenses	\$ 1,225,323	\$ 195,348

Exploration and evaluation expenses were allocated to the following projects:

	Year ended November 30,	
	2021	2020
Calico Project, California, USA	\$ 691,189	\$ -
AZ Silver District Project, Arizona, USA	88,635	-
Other project evaluation	38,562	195,348
Share-based payments	406,937	-
Total exploration and evaluation expenses	\$ 1,225,323	\$ 195,348

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13. ADMINISTRATIVE EXPENSES

	Year ended November 30,	
	2021	2020
Salaries and consulting fees	\$ 720,729	\$ 234,248
Directors fees	25,833	-
Share-based payments	1,560,786	653,439
Office and administration	155,796	95,592
Investor relations	541,047	227,179
Professional fees	129,694	113,289
Transfer agent and filing fees	79,025	78,301
Accounting and audit	83,877	18,350
Total administrative expenses	\$ 3,296,787	\$ 1,420,398

14. ACQUISITIONS*(a) Acquisition of Stronghold Silver Corp.*

On May 11, 2021, Apollo entered into a definitive acquisition agreement to acquire all of the issued and outstanding shares of Stronghold, a privately held Canadian company, and amalgamate Stronghold with 1302259 BC Ltd., Apollo's wholly-owned Canadian subsidiary (the "Stronghold Transaction").

Stronghold, through its wholly-owned subsidiary, Stronghold USA, held the rights to explore and acquire three silver properties in the United States: the Waterloo Property (Note 8(a)(i)), the Langtry Property (Note 8(a)(ii)) and the AZ Silver District Project (Note 8(b)). The rights to these three silver properties were held by way of an unconditional Asset Purchase Agreement to acquire the Waterloo Property from Pan American (Note 14(b)), two option agreements to acquire a 100% interest in the Langtry Property, and one option agreement to acquire a 100% interest in the AZ Silver District Project.

Under the terms of the Stronghold Transaction, Apollo issued a total of 40,000,000 common shares to Stronghold shareholders at a share exchange ratio of one Apollo common share for one Stronghold common share, as well as assumed the 5,010,638 Stronghold Warrants that were outstanding at that time. An additional condition of closing was that Apollo had to complete a financing of a minimum of \$35.0 million (the "Concurrent Financing"), which closed on July 6, 2021 (Note 11(b)).

As the Concurrent Financing did not close before June 30, 2021 (the original outside date for the Stronghold Transaction), Apollo agreed to pay US\$500,000 (\$617,500) to Stronghold to extend the outside date of the Stronghold Transaction to July 12, 2021 (the "Stronghold Extension"). The Company closed its Private Placement on July 6, 2021, raising gross proceeds of \$52.9 million, which satisfied the conditions relating to the Concurrent Financing and allowed Apollo and Stronghold to complete Stronghold Transaction on July 8, 2021.

The Stronghold Transaction was accounted for as an asset acquisition as the activities of Stronghold did not meet the definition of a business under IFRS 3, *Business Combinations*.

The net assets acquired by the Company were estimated at a fair value of approximately \$40.34 million, as follows:

Fair value of Common Shares issued (40,000,000 shares)	\$ 35,587,932
Fair value of Stronghold Warrants assumed by Apollo (Note 10)	4,003,216
Cash consideration	617,650
Transaction costs	127,005
Fair value of consideration paid by Apollo	\$ 40,335,803

The 40,000,000 common shares issued to the shareholders of Stronghold are subject to restrictions on disposition

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ranging from 0-to-36 months after close. The aggregate fair value of these shares was estimated by applying a weighted average discount of approximately 11% to the \$1.00 quoted market price of the Company's freely-tradeable common shares at closing on July 8, 2021.

The fair value of the net assets acquired was allocated as follows:

Cash	\$	107
Exploration and evaluation assets		
Calico Project		
Waterloo Property		22,908,614
Langtry Property		14,494,938
Arizona Silver District Project		3,647,267
Accounts payable and accrued liabilities		(715,123)
Net assets acquired	\$	40,335,803

(b) Acquisition of the 100% interest in the Waterloo Property from Pan American Silver

Prior to the Stronghold Transaction, Stronghold USA and Pan American entered into an asset purchase agreement dated January 22, 2021, as amended on April 1, 2021, and subsequently on June 30, 2021 (the "Waterloo Purchase Agreement"), which gave Stronghold USA the right to purchase 100% interest in the Waterloo Property for base consideration of US\$25.0 million (the "Base Purchase Price"). Under the terms of the Waterloo Purchase Agreement, within 15 days of the close of a public listing, or if Stronghold USA had been acquired by a publicly listed entity, Stronghold USA would be required to issue notice providing Pan American ten business days to elect to receive either 1) an additional US\$6.0 million in cash or 2) the equivalent of US\$6.0 million in common shares of the public entity at the higher of: (i) the 10-day VWAP calculated 10 trading days following the close of the transaction; and (ii) \$0.71 per share.

At the time of the Stronghold Transaction closing, Stronghold had already paid US\$2.75 million in non-refundable deposits to Pan American, which resulted in US\$22.25 million remaining outstanding to close the Waterloo Purchase Agreement. Apollo paid the outstanding balance of US\$22.25 million (approximately \$27.75 million) to Pan American and acquired the 100% interest in the Waterloo Property on July 12, 2021. Furthermore, as Stronghold USA had been acquired by Apollo, a publicly listed company, Apollo provided notice to Pan American who elected to receive the final US\$6.0 million in cash. The final payment of US\$6.0 million (approximately \$7.58 million) was made in August 2021.

Total costs to acquire the 100% interest in the Waterloo Property from Pan American totaled approximately \$35.38 million, which included transaction and other related closing costs of approximately \$50,000.

Pan American retains a 2% Net Smelter Royalty on any future production of minerals from the Waterloo Property.

15. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The Company had transactions with related parties consisting of companies controlled by current directors, former directors and former officers of the Company during the year ended November 30, 2021 and 2020, as follows:

- (a) Accounting fees of \$12,900 for the year ended November 30, 2021, respectively (November 30, 2020 - \$8,500) to a company controlled by the former CFO and director of the Company. At November 30, 2021, \$Nil was recorded in accounts payable and accrued liabilities relating to these fees (November 30, 2020 - \$4,725).
- (b) Consulting fees of \$103,000 for the year ended November 30, 2021 (November 30, 2020 - \$111,000) to a company controlled by the former CEO and current director of the Company. At November 30, 2021, \$Nil was recorded in accounts payable and accrued liabilities for these fees (November 30, 2020 - \$17,850).

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- (c) Consulting fees of \$64,000 for the year ended November 30, 2021 (November 30, 2020 – \$50,000) to a company controlled by the former VP Exploration of the Company. At November 30, 2021, \$Nil was recorded in accounts payable and accrued liabilities relating to these consulting fees (November 30, 2020 - \$8,000).
- (d) Consulting fees of \$10,500 for the year ended November 30, 2021 (November 30, 2020 – \$Nil) to a company controlled by the former Corporate Secretary of the Company. At November 30, 2021, \$Nil was recorded in accounts payable and accrued liabilities for these fees (November 30, 2020 - \$Nil).
- (e) At November 30, 2021, \$Nil (November 30, 2020 - \$Nil) was owed to any current director or officer of the Company.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's Officers and members of the Company's Board of Directors. The remuneration of directors and key management personnel during the year ended November 30, 2021 and 2020, were as follows:

	Year ended November 30,	
	2021	2020
Salaries, benefits and consulting fees (i)	\$ 765,142	\$ 178,500
Director fees	25,833	-
Accounting fees	12,900	8,350
Share-based payments (ii)	1,398,011	405,132
Total key management compensation	\$ 2,201,886	\$ 591,982

- (i) Approximately \$81,000 of salaries, benefits and consulting fees are allocated to exploration expenses.
- (ii) Share-based payments represent the fair value of the stock-options granted to key management personnel that were recognized in the consolidated statements of loss and comprehensive loss in the year ended November 30, 2021 and November 30, 2020.

16. SEGMENTED INFORMATION

The Company currently operates in two geographically based industry segments: Canada and the United States, but also operated in Chile until July 2021 at which time it terminated its option to earn into its Chilean based property (Note 8(c)). The Company's head office is in Vancouver, Canada. The reported loss from operations for the years ended November 30, 2021 and 2020, respectively in each segment is as follows:

	USA		Canada		Chile		Total	
	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020
E&E expenses	\$ 1,225,323	\$ -	\$ -	\$ -	\$ -	\$ 195,348	\$ 1,225,323	\$ 195,348
Administrative expenses	-	-	3,296,787	1,420,398	-	-	3,296,787	1,420,398
Write-off of E&E assets	-	-	-	-	100,000	-	100,000	-
Depreciation	-	-	9,980	988	-	-	9,980	988
Loss from operations	\$ 1,225,323	\$ -	\$ 3,306,767	\$ 1,421,386	\$ 100,000	\$ 195,348	\$ 4,632,090	\$ 1,616,734

The Company's non-current assets at November 30, 2021 and 2020, respectively, were located in Canada, Chile and the United States, as follows:

	USA		Canada		Chile		Total	
	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020	Year ended November 30, 2021	2020
Property and equipment	\$ -	\$ -	\$ 262,547	\$ 9,659	\$ -	\$ -	\$ 262,547	\$ 9,659
E&E assets	78,072,736	-	-	-	-	100,000	78,072,736	100,000
	\$ 78,072,736	\$ -	\$ 262,547	\$ 9,659	\$ -	\$ 100,000	\$ 78,335,283	\$ 109,659

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized at fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”).

The Company’s financial assets and financial liabilities are classified as follows:

	November 30, 2021	November 30, 2020
Financial assets		
Cash	\$ 15,746,122	\$ 6,125,876
Receivables	53,736	22,002
Deposits	6,396	-
Total financial assets	\$ 15,806,254	\$ 6,147,878
Financial liabilities		
Accounts payable and accrued liabilities	\$ 250,809	\$ 147,536
Warrant liability	2,252,836	-
Total financial liabilities	\$ 2,503,645	\$ 147,536

IFRS 7, Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

Cash is carried at fair value using a level 1 fair value measurement and the receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company’s only level 3 financial instrument is the warrant liability and is recorded at fair value, which is measured using the Black-Scholes option valuation model.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company’s financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk, and the impact on the Company’s financial instruments are summarized below:

a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-quality financial institutions as determined by a primary ratings agency. Receivables consists mainly of GST receivable for input tax credits from the Government of Canada. The Company has been successful in recovering input tax credits and believes credit risk with respect to receivables is insignificant.

b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. The Company’s approach to managing liquidity risk is to forecast its cash flows required for its

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planned operating, investing and financing activities so that it will have sufficient liquidity to meet liabilities when due. At November 30, 2021, the Company had a cash balance of approximately \$15.75 million (November 30, 2020 - \$6.13 million) to settle current liabilities of approximately \$282,000 (November 30, 2020 - \$148,000). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment. While the Company's current cash is sufficient to cover settle its current liabilities and planned expenditures for the upcoming year, to maintain liquidity, the Company will continue forecasting its cash flows and if necessary, investigate opportunities to obtain further financing through transactions such as equity placements, debt or joint venture arrangements.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

(i) Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank deposits, which is insignificant due to their short-term nature. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its highly-rated financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at November 30, 2021, the Company did not have any investments in investment-grade short-term deposit certificates.

(ii) Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars. As the exchange rates between the Canadian dollar and US dollar fluctuates, the Company experiences foreign exchange gains and losses. The Company has cash, and accounts payable and accrued liabilities denominated in USD, which are subject to currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and liabilities at the respective statement of financial position dates are as follows:

	November 30, 2021		November 30, 2020	
	US Dollar	British Pound	US Dollar	British Pound
Cash	\$ 581,770	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	(77,271)	(34,010)	-	-
	\$ 504,499	\$ (34,010)	\$ -	\$ -

At December 31, 2020, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an approximate \$47,000 decrease or increase in the Company's net loss (November 30, 2020 - \$Nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at November 30, 2021.

(iii) Price risk

The mining industry is heavily dependent upon the market price of the metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond control of the Company may affect the marketability of any minerals discovered. The price of silver has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the Company's control. The Company's profitability and ability to raise capital to fund exploration, evaluation and production

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activities is subject to risks associated with fluctuations in mineral prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

18. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the acquisition and exploration of its exploration and evaluation assets. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage and do not currently generate revenue; as such, the Company is dependent on external financing to fund its activities. The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development, general administrative costs and exploration and development programs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

19. INCOME TAXES

A reconciliation of income taxes computed at Canadian statutory rates to the reported income taxes is provided as follows:

	November 30, 2021	November 30, 2020
Loss for the year	\$ (2,710,854)	\$ (1,561,826)
Expected income tax (recovery)	\$ (732,000)	\$ (422,000)
Change in statutory, foreign tax, foreign exchange rates and other	56,000	25,000
Permanent differences	62,000	176,000
Impact of acquisition	(175,000)	-
Share issue cost	(938,000)	(108,000)
Adjustment to prior year estimate	4,000	(25,000)
Change in unrecognized deductible temporary differences	1,723,000	354,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	November 30, 2021	November 30, 2020
Deferred tax assets (liabilities)		
Property and equipment	\$ (53,000)	\$ -
Lease liability	53,000	-
Net deferred tax liability	\$ -	\$ -

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The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	November 30, 2021		November 30, 2020	
	Balance	Expiry Date Range	Balance	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 3,232,000	No expiry date	\$ 1,975,000	No expiry date
Investment tax credit	118,000	2030 to 2033	118,000	2030 to 2033
Property and equipment	-	No expiry date	217,000	No expiry date
Share issue costs	3,011,000	2042 to 2045	317,000	2041 to 2044
Lease liability	17,000	No expiry date	-	No expiry date
Allowable capital losses	2,254,000	No expiry date	2,254,000	No expiry date
Non-capital losses available for future periods	6,779,000	See below	3,928,000	2026 to 2040
Canada	6,576,000	2026 to 2041	3,928,000	2026 to 2040
USA	203,000	No expiry date	-	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.