



APOLLO SILVER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2023

APOLLO SILVER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

	Notes	May 31, 2023	November 30, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,630,581	\$ 9,362,409
Receivables		42,259	13,842
Prepaid expenses and deposits		205,242	239,626
Total current assets		\$ 4,878,082	\$ 9,615,877
Non-current assets			
Property and equipment	3	333,898	401,313
Exploration and evaluation assets	4	83,634,606	82,881,671
TOTAL ASSETS		\$ 88,846,586	\$ 92,898,861
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 165,881	\$ 2,121,026
Lease liability	5(b)	75,824	87,721
Total current liabilities		\$ 241,705	\$ 2,208,747
Non-current liabilities			
Lease liability	5(b)	125,504	155,627
Warrant liability	6	-	119,934
TOTAL LIABILITIES		\$ 367,209	\$ 2,484,308
SHAREHOLDERS' EQUITY			
Capital stock	7	\$ 101,628,076	\$ 101,628,076
Reserves	7(c),(d)	5,067,621	4,958,999
Accumulated other comprehensive income		6,409,578	5,831,242
Accumulated deficit		(24,625,898)	(22,003,764)
TOTAL SHAREHOLDERS' EQUITY		\$ 88,479,377	\$ 90,414,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 88,846,586	\$ 92,898,861

Nature and continuance of operations (Note 1)

Subsequent event (Note 7(c))

Approved and authorized for issue on behalf of the Board on July 28, 2023:

/s/ Thomas Peregoodoff

Thomas Peregoodoff, Director

/s/ Steven Thomas

Steven Thomas, Director

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

APOLLO SILVER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended May 31,		Six months ended May 31,	
		2023	2022	2023	2022
Operating expenses					
Exploration and evaluation expenses	8	\$ 599,803	\$ 2,563,508	\$ 1,540,953	\$ 3,594,442
Administrative expenses	9	709,732	758,471	1,298,092	2,196,901
Depreciation	3	36,096	32,903	72,063	61,788
Loss from operations		1,345,631	3,354,882	2,911,108	5,853,131
Other expenses					
Fair value adjustment on warrant liability	6	(7,147)	(838,458)	(119,934)	(1,299,177)
Loss (gain) on foreign exchange		7,237	10,769	(20,741)	(22,875)
Interest expense	5(b)	7,548	10,147	15,822	17,553
Other income		(95,667)	(22,205)	(172,748)	(27,882)
Other expense		-	-	8,627	581,992
Loss before income taxes		1,257,602	2,515,135	2,622,134	5,102,742
Income taxes		-	-	-	-
Net loss for the period		\$ 1,257,602	\$ 2,515,135	\$ 2,622,134	\$ 5,102,742
Other comprehensive loss (income)					
Items that may be reclassified subsequently to loss:					
Currency translation adjustment		\$ 24,442	\$ 135,250	\$ (578,336)	\$ 709,161
Total other comprehensive loss (income)		\$ 24,442	\$ 135,250	\$ (578,336)	\$ 709,161
Total comprehensive loss for the period		\$ 1,282,044	\$ 2,650,385	\$ 2,043,798	\$ 5,811,903
Loss per share (basic and diluted)		\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03
Weighted average number of basic and diluted common shares outstanding		174,460,395	168,985,504	174,460,395	167,494,709

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

APOLLO SILVER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

	Notes	Six months ended May 31,	
		2023	2022
Operating activities			
Net loss for the period		\$ (2,622,134)	\$ (5,102,742)
Adjustments for non-cash items:			
Share-based payments	8,9	108,622	946,396
Depreciation	3	72,063	61,788
Fair value adjustment on warrant liability	6	(119,934)	(1,299,177)
Interest expense	5(b)	15,822	17,553
Other income		-	5,677
Other expense		-	581,992
Unrealized foreign exchange		(19,171)	18,536
Changes in non-cash working capital items:			
Receivables		(28,417)	(631,247)
Prepaid expenses		34,384	574,571
Accounts payable and accrued liabilities		(1,955,145)	1,183,633
Cash used in operating activities		(4,513,910)	(3,643,020)
Investing activities			
Acquisition of exploration and evaluation assets	4(a)	(168,750)	(286,493)
Acquisition of equipment	3	(3,643)	(159,681)
Cash used in investing activities		(172,393)	(446,174)
Financing activities			
Proceeds from exercise of warrants		-	2,862,031
Share issuance costs		-	(4,015)
Principal payments on lease liabilities	5(b)	(42,314)	(29,969)
Interest payments on lease liabilities	5(b)	(15,822)	(17,553)
Cash (used in) from financing activities		(58,136)	2,810,494
Effect of changes in foreign exchange rates on cash and cash equivalents		12,611	(11,249)
Decrease in cash and cash equivalents		(4,731,828)	(1,289,949)
Cash and cash equivalents, beginning of period		9,362,409	15,746,122
Cash and cash equivalents, end of period		\$ 4,630,581	\$ 14,456,173

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

	Notes	Six months ended May 31,	
		2023	2022
Investing activities			
Shares and warrants issued on acquisition of exploration and evaluation assets	4(b)	\$ -	\$ 125,450

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

APOLLO SILVER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Stated in Canadian Dollars)

(Unaudited)

	Number of common shares	Share capital	Equity reserves				Share-based payments reserve	Accumulated other comprehensive (loss) income	Accumulated deficit	Total
			Warrants reserve	Contributed Surplus						
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		
Net loss for the period	-	-	-	-	-	-	(5,102,742)	(5,102,742)		
Shares issued on exercise of warrants	11,442,500	2,874,507	-	-	-	-	-	2,874,507		
Shares issued on acquisition of exploration and evaluation assets	203,322	125,450	-	-	-	-	-	125,450		
Share issuance costs	-	(4,015)	-	-	-	-	-	(4,015)		
Share-based payments	-	-	-	-	946,396	-	-	946,396		
Other comprehensive loss	-	-	-	-	-	(709,161)	-	(709,161)		
Balance at May 31, 2022	174,460,395	\$ 101,628,076	\$ 442,352	\$ 672,095	\$ 3,541,420	\$ 829,776	\$ (16,497,706)	\$ 90,616,013		
Balance at November 30, 2022	174,460,395	\$ 101,628,076	\$ -	\$ 1,114,447	\$ 3,844,552	\$ 5,831,242	\$ (22,003,764)	\$ 90,414,553		
Net loss for the period	-	-	-	-	-	-	(2,622,134)	(2,622,134)		
Share-based payments	-	-	-	-	108,622	-	-	108,622		
Other comprehensive income	-	-	-	-	-	578,336	-	578,336		
Balance at May 31, 2023	174,460,395	\$ 101,628,076	\$ -	\$ 1,114,447	\$ 3,953,174	\$ 6,409,578	\$ (24,625,898)	\$ 88,479,377		

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

APOLLO SILVER CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended May 31, 2023

(Stated in Canadian Dollars, unless otherwise noted)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Apollo Silver Corp. (the “Company” or “Apollo”) 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 2, 2010. 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 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.

These condensed interim 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 three and six months ended May 31, 2023, the Company had no operating revenue and incurred net losses of approximately \$1.26 million and \$2.62 million, respectively (May 31, 2022 - \$2.52 million and \$5.1 million). At May 31, 2023, the Company had consolidated cash of \$4.63 million (November 30, 2022 - \$9.36 million) to apply against current liabilities of approximately \$242,000 (November 30, 2022 - \$2.21 million).

At May 31, 2023, the Company believed it had adequate resources to maintain its minimum obligations arising over the next 12 months, including general corporate activities, based on its cash position, its ability to modify planned activities or exploration programs, and 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. Furthermore, the global economy is currently affected by rising inflation, which may continue to impact the Company’s costs and could result in modification or termination of planned work programs. Overall, these material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of compliance and basis of preparation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee. These condensed interim consolidated financial statements do not include all the information and footnotes required by IFRS for annual financial statements and should be read in conjunction with the Company’s annual consolidated financial

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statements for the year ended November 30, 2022, which have been prepared in accordance with IFRS, as issued by the IASB.

These condensed interim consolidated financial statements, including comparatives, have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual consolidated financial statements for the year ended November 30, 2022.

(b) Significant accounting policies

Basis of measurement

The accounting policies applied in the preparation of these condensed interim consolidated financial statements, including comparatives, are consistent with those applied and disclosed in Note 3 of the Company's annual financial statements for the year ended November 30, 2022.

Functional and presentation currency

These condensed interim 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.

Basis of consolidation

These condensed interim 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 condensed interim 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.

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.

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 recognized immediately in profit or loss.

Non-controlling interests represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's

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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.

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 (loss) 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.

(c) Adoption of new and revised accounting standards and interpretations

The Company has not adopted any new amendments to IFRS in the current period that had a significant impact on the Company's condensed interim consolidated financial statements.

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended May 31, 2023. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company's condensed interim consolidated financial statements.

(d) Critical accounting estimates and significant judgments

The preparation of these condensed interim consolidated financial statements in conformity with IAS 34 requires management to make certain estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period. 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 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

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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) *Going concern*

The assessment of the Company's ability to continue as a going concern, to raise sufficient funds to pay for its ongoing operating expenditures and to meet its liabilities for the ensuing year as they fall due, involves judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances (Note 1).

(ii) *Impairment of exploration & evaluation assets 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 is 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 May 31, 2023, the Company had not identified any indicators of impairment.

(iii) *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 2(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.

(iv) *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 and share purchase warrants*

Share-based payments, including share purchase options (Note 7(d)) and share purchase warrants (Note 7(c)) 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

APOLLO SILVER CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Stated in Canadian Dollars, unless otherwise noted)

(Unaudited)

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 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 the Company's incremental borrowing rate, which is used to present value the future lease payments. Any changes in the estimated rate would have an impact on the lease liability, ROU assets, depreciation and interest expense.

3. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture & equipment	Leasehold improvements	Vehicles	ROU assets (Note 5(a))	Total
Cost						
Balance - November 30, 2021	\$ 16,629	\$ -	\$ 34,129	\$ -	\$ 219,017	\$ 269,775
Additions	9,345	21,278	-	135,078	93,615	259,316
Other adjustments	-	-	(219)	-	-	(219)
Foreign exchange	-	782	-	8,681	6,004	15,467
Balance - November 30, 2022	25,974	22,060	33,910	143,759	318,636	544,339
Additions	3,643	-	-	-	-	3,643
Foreign exchange	-	86	-	1,011	701	1,798
Balance - May 31, 2023	\$ 29,617	\$ 22,146	\$ 33,910	\$ 144,770	\$ 319,337	\$ 549,780
Accumulated amortization						
Balance - November 30, 2021	\$ 2,385	\$ -	\$ 1,193	\$ -	\$ 3,650	\$ 7,228
Charge for the year	4,628	5,710	6,781	24,003	91,556	132,678
Foreign exchange	-	98	-	964	2,058	3,120
Balance - November 30, 2022	7,013	5,808	7,974	24,967	97,264	143,026
Charge for the period	2,840	4,592	3,390	14,397	46,844	72,063
Foreign exchange	-	47	-	257	489	793
Balance - May 31, 2023	\$ 9,853	\$ 10,447	\$ 11,364	\$ 39,621	\$ 144,597	\$ 215,882
Net book value - November 30, 2022	\$ 18,961	\$ 16,252	\$ 25,936	\$ 118,792	\$ 221,372	\$ 401,313
Net book value - May 31, 2023	\$ 19,764	\$ 11,699	\$ 22,546	\$ 105,149	\$ 174,740	\$ 333,898

APOLLO SILVER CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended May 31, 2023

(Stated in Canadian Dollars, unless otherwise noted)

(Unaudited)

4. EXPLORATION AND EVALUATION ASSETS

	<u>California</u>		<u>Arizona</u>		Total
	Calico Silver Project (Note 4(a))		Arizona Silver District Project (Note 4(b))		
Balance - November 30, 2021	\$	74,352,175	\$	3,720,561	\$ 78,072,736
Option payments		161,043		250,900	411,943
Effect of movements in exchange rates		4,169,483		227,509	4,396,992
Balance - November 30, 2022	\$	78,682,701	\$	4,198,970	\$ 82,881,671
Option payments		168,750		-	168,750
Effect of movements in exchange rates		554,653		29,532	584,185
Balance - May 31, 2023	\$	79,406,104	\$	4,228,502	\$ 83,634,606

(a) Calico Silver Project, California, USA

The Calico 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 Calico Project is situated approximately 15 km (9 miles) from the City of Barstow, 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 (1,350 acres) and 21 unpatented claims (19 lode mining claims, 2 mill site claims) (418 acres), totaling approximately 1,770 gross acres. Pan American Minerals Inc., a wholly-owned subsidiary of Pan American Silver Corp. 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 (765 acres), totaling approximately 1,178 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 of May 31, 2023, a total of three non-refundable option payments of US\$100,000 have been made under the Strachan Agreement, including the third non-refundable payment of \$135,000 (US\$100,000) made in December 2022, all of which will be credited against the final purchase price at the time of exercise.

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(Unaudited)

Athena Agreement

Stronghold USA, the optionee, and Athena, the optionor, entered into an Option to Purchase Agreement (the “Athena Agreement”) dated December 21, 2020 and amended on January 11, 2023, 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 Apollo acquiring Stronghold USA) 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.

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 2022 and 2021, the Company made non-refundable option payments of \$33,750 (US\$25,000) and \$32,113 (US\$25,000), respectively, 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 originally due on or before January 22, 2026.

On November 16, 2022, the Company announced that it had re-negotiated the terms of the AZ Silver District Option Agreement, resulting in all future option payment obligations being deferred by 12 months.

Amended terms of the AZ Silver District Option Agreement are as follows:

- (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, 2024 (originally January 2023);
- (iv)* US\$175,000 plus US\$175,000 in common shares of Apollo on January 22, 2025 (originally January 2024);
- (v)* US\$250,000 plus US\$250,000 in common shares of Apollo on January 22, 2026 (originally January 2025);
- (vi)* US\$300,000 plus US\$300,000 in common shares of Apollo on January 22, 2027 (originally January 2026).

Additional bonus payments, the dates of which were not amended, 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.

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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 a payment of \$125,450 (US\$100,000) which was 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.

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

At May 31, 2023, approximately \$174,740 (November 30, 2022 - \$221,000) of ROU assets, consisting of the Company's head office premises in Vancouver, BC, and warehouse in Barstow, California are recorded as part of property and equipment. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying assets.

	Office		Warehouse		Total
Net book value of ROU assets at November 30, 2021	\$	215,367	\$	-	\$ 215,367
Additions		-		93,615	93,615
Amortization charge for the year		(43,803)		(47,753)	(91,556)
Foreign exchange		-		3,946	3,946
Net book value of ROU assets at November 30, 2022	\$	171,564	\$	49,808	\$ 221,372
Amortization charge for the period		(21,902)		(24,942)	(46,844)
Foreign exchange		-		212	212
Net book value of ROU assets at May 31, 2023	\$	149,662	\$	25,078	\$ 174,740

(b) Lease liabilities

The Company's leases comprise only fixed payments over the term of the lease. The Company recorded interest expense of \$7,548 and \$15,822 on lease liabilities for the three and six months ended May 31, 2023 (May 31, 2022 - \$10,147 and \$17,553). During the three and six months ended May 31, 2023 and 2022, the Company recorded \$Nil related to short-term leases.

	Six months ended May 31,	
	2023	2022
Lease liability continuity		
Balance at beginning of period	\$ 243,348	\$ 214,063
Non-cash changes		
Additions	-	93,615
Accretion	15,822	17,553
Change in foreign exchange and other	294	(266)
Cash flows		
Principal payments	(42,314)	(29,969)
Interest payments	(15,822)	(17,553)
Total lease liabilities, end of period	\$ 201,328	\$ 277,443

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

	May 31, 2023	November 30, 2022
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 98,416	\$ 116,313
One to two years	60,952	70,408
Two to three years	61,826	61,077
Three to four years	26,021	57,246
Total undiscounted lease liabilities	247,215	305,044
Effect of discounting	(45,887)	(61,696)
Total lease liabilities	\$ 201,328	\$ 243,348
Current	\$ 75,824	\$ 87,721
Non-current	\$ 125,504	\$ 155,627

6. WARRANT LIABILITY

The Company's warrant liability arose as the Company assumed 5,010,638 share purchase warrants bearing an exercise price denominated in US dollars, as part of the transaction that it acquired its wholly-owned subsidiary, Stronghold Silver USA, in July 2021 (the "Stronghold Warrants"). Upon closing the transaction, the Stronghold Warrants became exercisable into common shares of Apollo. 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 recognized a derivative liability for these warrants at fair value on the date of issuance, which is then re-measured at each reporting date using the Black-Scholes option-pricing model. On April 9, 2023, the Stronghold Warrants expired unexercised and were written down to a fair value of \$Nil as of May 31, 2023 (November 30, 2022 - \$120,000).

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

	Number of warrants	Fair value of warrant liability
Outstanding, November 30, 2021	4,985,638	\$ 2,252,836
Exercise of Stronghold Warrants	(37,500)	(12,476)
Fair value adjustment on warrant liability	-	(2,120,426)
Outstanding, November 30, 2022	4,948,138	\$ 119,934
Fair value adjustment on warrant liability	-	(112,787)
Outstanding, February 28, 2023	4,948,138	\$ 7,147
Fair value adjustment on expiration of warrant liability	(4,948,138)	(7,147)
Outstanding, May 31, 2023	-	\$ -

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 April 9, 2023 (the date of expiry and derecognition as a financial liability) and November 30, 2022, using the Black-Scholes option-pricing model with the following weighted-average assumptions and resulting fair values:

	April 9, 2023	November 30, 2022
Risk-free interest rate	0.00%	3.86%
Expected warrant life (years)	-	0.36
Expected stock price volatility	0.00%	97.54%
Expected dividend yield	\$0.00	\$0.00
Estimated fair value of each Warrant	\$0.00	\$0.24

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

The Company is authorized to issue an unlimited number of common shares without par value. At May 31, 2023, the Company had 174,460,395 common shares issued and outstanding (November 30, 2022 – 174,460,395).

*(b) Shares issued**(i) Current period*

No common shares were issued during the three and six months ended May 31, 2023.

(ii) Prior year

A total of 11,442,500 warrants were exercised during the year ended November 30, 2022, resulting in the issuance of 11,442,500 common shares of the Company for total proceeds of approximately \$2.86 million (Note 7(c)). 37,500 of these exercised warrants were those classified as a warrant liability, and upon exercise, the fair value of \$12,476 relating to the 37,500 exercised warrants was debited from warrant liability and credited to share capital (Note 6).

A total of 203,322 common shares of the Company were issued to Gulf in January 2022 at a price of \$0.617 per share, representing a value of approximately \$125,450 (US\$100,000 on the deemed conversion date) under the terms of the AZ Silver District Option Agreement (Note 4(b)).

Share issuance costs of approximately \$4,000 were incurred during the year ended November 30, 2022.

(c) Share purchase warrants

There was no share purchase warrant activity during the three and six months ended May 31, 2023.

During the year ended November 30, 2022, a total of 11,442,500 warrants were exercised resulting in the issuance of 11,442,500 common shares for gross proceeds of approximately \$2.86 million.

Warrants transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding, November 30, 2021	61,103,720	0.89
Exercise of warrants classified as equity instruments	(11,405,000)	0.25
Exercise of warrants classified as financial liabilities (Note 6)	(37,500)	0.25
Expiration of warrants classified as equity instruments	(9,446,415)	0.64
Outstanding, November 30, 2022	40,214,805	\$ 1.13
Expiration of warrants classified as financial liabilities (Note 6)	(4,948,138)	0.27
Outstanding, May 31, 2023	35,266,667	\$ 1.25

Details of the warrants outstanding as at May 31, 2023, are as follows:

Expiry Date	Note	Number of warrants outstanding	Weighted average exercise price (\$ per warrant) as at May 31, 2023	Weighted average remaining contractual life (years) as at May 31, 2023
July 8, 2023	7(c)(i)	35,266,667	1.25	0.10
		35,266,667	\$ 1.25	0.10

- (i)* On July 4, 2023, the Company held its previously announced special meeting of Warrant holders to approve by extraordinary resolution proposed amendments to the terms of the warrants expiring on July 6, 2023. Pursuant to the approved amendments, the expiration date of these warrants was extended to July 8, 2026, and the exercise price for the third, fourth and fifth year of the amended term has been set at \$0.79.

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(d) 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 set by the Board of Directors and cannot be less than the discounted market price, which is equal to the market price of the Company’s stock at the time of the grant, less the applicable discount permitted by the TSX-V. The options can be granted for a maximum term of 5 years with vesting determined by the Board of Directors.

During the three and six months ended May 31, 2023, there were no grants, exercises, expirations, cancellations or forfeitures of share purchase options.

During the year ended November 30, 2022, a total of 4,500,000 share purchase options were granted to certain employees, directors and consultants of the Company. 500,000 of these share purchase options granted are exercisable at an average exercise price of \$0.59 per common share and vest over a twelve-month period, with one-third vesting on the date of the grant, one-third vesting after six months and the balance vesting after twelve months. The remaining 4,000,000 granted are exercisable at a weighted average price of \$0.14 per common share and vest over a twenty-four-month period, with one-third vesting on the date of the grant, one-third vesting after 12 months and the balance vesting after twenty-four months. All stock options granted during the year ended November 30, 2022, expire 5 years from the date of issuance.

The weighted average fair value of each share purchase option granted during the year ended November 30, 2022, was estimated to be \$0.11 on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 3.59%, expected life of 3.44 years, annualized volatility of 98% and dividend yield of 0%.

Share-based payments expense for the three and six months ended May 31, 2023, is approximately \$49,000 and \$109,000, respectively (May 31, 2022 - \$395,000 and \$946,000), and has been allocated between administrative expenses (Note 9) and exploration and evaluation expenses (Note 8) in the condensed interim consolidated statements of loss and comprehensive loss.

The following is a summary of share purchase option activity for the six months ended May 31, 2023, and 2022:

	Six months ended May 31, 2023		Six months ended May 31, 2022	
	Number of stock options	Weighted average exercise price (\$ per share)	Number of stock options	Weighted average exercise price (\$ per share)
Outstanding, beginning of period	11,600,000	\$ 0.48	7,600,000	\$ 0.68
Granted	-	-	500,000	0.59
Forfeited	-	-	(100,000)	0.86
Outstanding, end of period	11,600,000	\$ 0.48	8,000,000	\$ 0.67
Exercisable, end of period	8,933,321	\$ 0.58	5,683,318	\$ 0.77

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The following is a summary of share purchase options outstanding as at May 31, 2023:

Exercise price (\$ per share)	Number of stock options	Options outstanding		Number of stock options	Options exercisable	
		Weighted average remaining contractual life (years)	Weighted average remaining contractual life (years)		Weighted average remaining contractual life (years)	Weighted average remaining contractual life (years)
\$0.125	3,850,000	4.46		1,283,321	4.46	
\$0.33	2,400,000	1.93		2,400,000	1.93	
\$0.50	150,000	4.46		50,000	4.46	
\$0.59	500,000	3.82		500,000	3.82	
\$0.71	600,000	3.44		600,000	3.44	
\$0.82	250,000	3.32		250,000	3.32	
\$0.86	3,850,000	3.14		3,850,000	3.14	
	11,600,000	3.39		8,933,321	3.07	

8. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses are summarized as follows:

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Salaries and benefits	\$ 181,112	\$ 190,709	\$ 368,434	\$ 319,474
Share-based payments	17,002	140,120	44,409	244,726
Drilling	-	1,525,079	24,485	1,530,806
Lab, assay & metallurgy	30,097	121,318	357,222	126,452
Permits, fees, licences and taxes	178,613	161,693	339,684	239,946
Geophysics	-	74,056	-	460,902
Exploration & geology	-	70,794	14,690	177,170
Resource development and technical reports	87,434	82,737	190,597	170,429
Community	14,445	19,338	49,811	45,689
Professional fees	-	51,935	3,350	88,229
Operations, health & safety	31,187	75,949	56,103	97,772
Project evaluation	46,265	-	60,022	-
Travel	-	31,501	-	64,324
Other	13,648	18,279	32,146	28,523
Total exploration and evaluation expenses	\$ 599,803	\$ 2,563,508	\$ 1,540,953	\$ 3,594,442

Exploration and evaluation expenses were allocated to the following projects:

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Calico Silver Project, California, USA	\$ 463,310	\$ 2,356,741	\$ 1,363,296	\$ 3,241,059
AZ Silver District Project, Arizona, USA	9,616	66,647	9,616	108,657
Other project evaluation	109,875	-	123,632	-
Share-based payments	17,002	140,120	44,409	244,726
Total exploration and evaluation expenses	\$ 599,803	\$ 2,563,508	\$ 1,540,953	\$ 3,594,442

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9. ADMINISTRATIVE EXPENSES

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Salaries and benefits	\$ 195,344	\$ 219,247	\$ 420,728	\$ 442,683
Directors fees	82,207	74,314	164,195	155,000
Share-based payments	31,854	254,857	64,213	701,670
Office and administration	18,774	29,737	51,229	58,105
Investor relations and marketing	110,847	68,521	235,865	545,692
Professional fees	28,600	18,601	36,596	91,532
Transfer agent and filing fees	6,302	10,871	33,180	57,058
Insurance	50,345	47,196	100,363	92,477
Accounting, audit and tax compliance	8,000	23,219	11,190	29,971
Business development	173,251	-	173,251	5,780
Travel	-	1,824	-	6,849
Other	4,208	10,084	7,282	10,084
Total administrative expenses	\$ 709,732	\$ 758,471	\$ 1,298,092	\$ 2,196,901

10. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. During the three and six months ended May 31, 2023, and 2022, the Company did not have any transactions with related parties, other than payments made to its key management personnel as discussed below.

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 three and six months ended May 31, 2023, and 2022, were as follows:

	Three months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022
Salaries, benefits and consulting fees (i)	\$ 218,859	\$ 240,037	\$ 460,231	\$ 464,653
Director fees	82,207	74,314	164,195	155,000
Share-based payments (ii)	33,073	224,604	65,427	629,574
Total key management compensation	\$ 334,139	\$ 538,955	\$ 689,853	\$ 1,249,227

(i) Approximately \$49,000 and \$98,000 of salaries, benefits and consulting fees are allocated to exploration and evaluation expenses for the three and six months ended May 31, 2023 (May 31, 2022 - \$49,000 and \$95,000).

(ii) Share-based payments represent the fair value of the stock-options granted to key management personnel that were recognized in the condensed interim consolidated statements of loss and comprehensive loss in the three and six months ended May 31, 2023, and 2022.

At May 31, 2023, \$Nil (November 30, 2022 - \$Nil) was owed to any officer or director of the Company.

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11. SEGMENTED INFORMATION

The Company currently operates in two geographically based industry segments: Canada and the United States. The Company's head office is in Vancouver, Canada. The reported loss from operations for the three and six months ended May 31, 2023, and 2022, respectively in each segment is as follows:

	USA		Canada		Total	
	Three months ended May 31,		Three months ended May 31,		Three months ended May 31,	
	2023	2022	2023	2022	2023	2022
E&E expenses	\$ 582,801	\$ 2,423,388	\$ 17,002	\$ 140,120	\$ 599,803	\$ 2,563,508
Administrative expenses	3,160	18,027	706,572	740,444	709,732	758,471
Depreciation	21,540	-	14,556	32,903	36,096	32,903
Loss from operations	\$ 607,501	\$ 2,441,415	\$ 738,130	\$ 913,467	\$ 1,345,631	\$ 3,354,882

	USA		Canada		Total	
	Six months ended May 31,		Six months ended May 31,		Six months ended May 31,	
	2023	2022	2023	2022	2023	2022
E&E expenses	\$ 1,496,544	\$ 3,349,716	\$ 44,409	\$ 244,726	\$ 1,540,953	\$ 3,594,442
Administrative expenses	15,893	18,027	1,282,199	2,178,874	1,298,092	2,196,901
Depreciation	42,952	-	29,111	61,788	72,063	61,788
Loss from operations	\$ 1,555,389	\$ 3,367,743	\$ 1,355,719	\$ 2,485,388	\$ 2,911,108	\$ 5,853,131

The Company's non-current assets at May 31, 2023, and November 30, 2022, were located in Canada and the United States, as follows:

	USA		Canada		Total	
	May 31,	November 30,	May 31,	November 30,	May 31,	November 30,
	2023	2022	2023	2022	2023	2022
Property and equipment	\$ 135,084	\$ 177,030	\$ 198,814	\$ 224,283	\$ 333,898	\$ 401,313
Exploration & evaluation assets	83,634,606	82,881,671	-	-	83,634,606	82,881,671
Non-current assets	\$ 83,769,690	\$ 83,058,701	\$ 198,814	\$ 224,283	\$ 83,968,504	\$ 83,282,984

12. 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 or fair value through other comprehensive income.

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

	May 31,	November 30,
	2023	2022
Financial assets		
Cash and cash equivalents	\$ 4,630,581	\$ 9,362,409
Receivables	42,259	13,842
Deposits	32,212	99,464
Total financial assets	\$ 4,705,052	\$ 9,475,715
Financial liabilities		
Accounts payable and accrued liabilities	\$ 165,881	\$ 2,121,026
Warrant liability	-	119,934
Total financial liabilities	\$ 165,881	\$ 2,240,960

IFRS 7, Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation

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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 and cash equivalents are carried at fair value using a level 1 fair value measurement and the receivables, deposits 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 consist of a 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 planned operating, investing and financing activities so that it will have sufficient liquidity to meet liabilities when due. At May 31, 2023, the Company had a cash balance of approximately \$4.63 million (November 30, 2022 - \$9.36 million) to settle current liabilities of approximately \$242,000 (November 30, 2022 - \$2.21 million). All 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. The Company believes that its current cash is sufficient to settle its near-term obligations including general corporate activities and planned exploration expenditures, based on its cash position, its ability to modify planned activities or exploration programs and ability to pursue additional sources of financing, including further equity placements. The Company will continue forecasting its cash flows to maintain liquidity and investigate opportunities to obtain further financing through transactions such as equity placements, debt or joint venture arrangements, if necessary.

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

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policy is to invest excess cash in investment-grade short-term deposit certificates issued by highly-rated financial institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. As at May 31, 2023, the Company held approximately \$4.5 million of its cash and cash equivalents 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 cash equivalents, and accounts payable and accrued liabilities denominated in US dollars, which are subject to currency risk.

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 May 31, 2023.

(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 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.

13. 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.