NEVADA SILVER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nevada Silver Corporation:

Opinion

We have audited the consolidated financial statements of Nevada Silver Corporation and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Key audit matter	How our audit addressed the key audit matter
Assessment of the existence of impairment indicators for exploration and evaluation assets	
Refer to note 5	Our approach to addressing the matter involved the following procedures, among others:
As at December 31, 2022, the carrying amount of the Company's exploration and evaluation assets were $9,216,375. At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any one of the following facts and circumstances: (i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned; (iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or (iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at December 31, 2022. We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.	Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following: • Obtained evidence to support the right to explore the area. • Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures, which included evaluating results of events subsequent to year end. • Assessed whether available data indicates the potential for commercially viable mineral resources and evaluated the status of agreements relating to future feasibility studies. • Based on evidence obtained in other areas of the audit, we considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. 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 International Financial Reporting Standards, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 30, 2023

NEVADA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Note	December 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash		170,108	301,568
Receivables		67,517	29,005
Prepaid expenses		65,985	73,439
		303,610	404,012
Deferred share issuance costs	**10, 14**	148,893	-
Equipment		9,338	1,848
Reclamation bonds	**5**	130,486	-
Exploration and evaluation assets	**5**	9,216,374	6,428,291
Total assets		9,808,701	6,834,151
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**10**	2,929,261	804,731
Loans from related parties	**6**	190,341	240,234
		3,119,602	1,044,965
SHAREHOLDERS' EQUITY			
Share capital	**7**	13,158,869	11,132,159
Share-based payments reserve	**7**	678,602	600,142
Foreign currency translation reserve		243,440	(41,397)
Deficit		(8,367,649)	(5,901,718)
Total shareholder’s equity		5,713,262	5,789,186
Non-controlling interest	**7**	975,837	-
		6,689,099	5,789,186
Total liabilities and shareholders’ equity		9,808,701	6,834,151

Nature of operations and going concern (Note 1)
Subsequent events (Notes 5 and 14)

Approved and authorized for issuance on behalf of the Board of Directors on April 30, 2023

“Gary Lewis” Director — “John Kutkevicius” Director

NEVADA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	2022 $	2021 $
EXPENSES			
Consulting fees	**10**	292,034	317,626
Directors fees	**10**	136,000	358,500
Exploration and evaluation costs		4,103	-
Filing fees		65,904	68,795
Interest and bank charges	**6**	12,661	21,548
Depreciation		2,232	109
Marketing		404,927	150,232
Office expenses		118,821	99,569
Rent		27,266	30,747
Professional fees	**10**	941,744	1,000,829
Salary and benefits		201,135	-
Share-based compensation	**7, 10**	78,460	582,878
Travel		217,296	51,286
LOSS BEFORE OTHER INCOME (EXPENSE)		(2,502,583)	(2,682,119)
OTHER INCOME (EXPENSES)			
Foreign exchange loss		(4,726)	(16,535)
Interest income		193	3,973
Listing expense	**4**	-	(1,879,404)
		(4,533)	(1,891,966)
NET LOSS FOR THE YEAR		(2,507,116)	(4,574,085)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT (LOSS):			
Exchange difference on translation of foreign operations		284,837	28,898
COMPREHENSIVE LOSS FOR THE YEAR		(2,222,279)	(4,545,187)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(2,465,931)	(4,574,085)
Non-controlling interest		(41,185)	-
		(2,507,116)	(4,574,085)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(2,178,495)	(4,545,187)
Non-controlling interest		(43,784)	-
		(2,222,279)	(4,545,187)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.04)	(0.08)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		64,380,636	58,777,834

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

NEVADA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars, except for share figures)

	Note	Number of Shares #	Share Capital $	Share-based payments reserve $	Foreign Currency Translation Reserve $	Deficit $	Non-controlling Interest $	Total $
Balance, December 31, 2020		43,820,020	4,064,317	-	(70,295)	(1,327,633)	-	2,666,389
Shares issued for reverse takeover	**4**	6,171,250	2,036,513	-	-	-	-	2,036,513
Shares issued pursuant to private placement	**7**	15,301,923	5,049,635	-	-	-	-	5,049,635
Share issuance costs	**7**	-	(264,064)	32,022	-	-	-	(232,042)
Shares issued for services	**7, 10**	650,000	214,500	-	-	-	-	214,500
Exercise of stock options	**7**	50,000	31,258	(14,758)	-	-	-	16,500
Share-based compensation	**7**	-	-	582,878	-	-	-	582,878
Net and comprehensive loss for the year		-	-	-	28,898	(4,574,085)	-	(4,545,187)
Balance, December 31, 2021		65,993,193	11,132,159	600,142	(41,397)	(5,901,718)	-	5,789,186
Shares issued pursuant to private placement	**7**	6,670,000	2,001,000	-	-	-	-	2,001,000
Shares issued for Belmont project agreement	**5**	118,750	38,000	-	-	-	-	38,000
Share issuance costs	**7**	-	(12,290)	-	-	-	-	(12,290)
Share-based compensation	**7**	-	-	78,460	-	-	-	78,460
Non-controlling interest – NSM financing	**7**	-	-	-	-	-	1,017,022	1,017,022
Net and comprehensive loss for the year		-	-	-	284,837	(2,465,931)	(41,185)	(2,222,279)
Balance, December 31, 2022		**72,781,943**	**13,158,869**	**678,602**	**243,440**	**(8,367,649)**	**975,837**	**6,689,099**

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

NEVADA SILVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	2022 $	2021 $
Operating activities:			
Net loss for the year		(2,507,116)	(4,574,085)
Items not affecting cash:			
Accrued interest expense	**6**	-	14,330
Depreciation		2,232	109
Services paid with shares	**7**	-	214,500
Share-based compensation	**7**	78,460	582,878
Listing expense	**4**	-	1,879,404
Changes in non-cash working capital related to operations:			
Receivables		(38,512)	11,004
Prepaid expenses		7,454	(42,659)
Accounts payable and accrued liabilities		822,188	(301,891)
Net cash used in operating activities		(1,635,294)	(2,216,410)
Investing activities:			
Exploration and evaluation assets acquisition and exploration costs		(893,391)	(2,272,455)
Reclamation bonds		(130,486)	(92,955)
Equipment		(9,722)	(1,957)
Cash acquired from reverse takeover	**4**	-	81,040
Sale of short-term investments from reverse takeover	**4**	-	203,952
Net cash used in investing activities		(1,033,599)	(2,082,375)
Financing activities:			
Shares issued for cash, net of issue costs	**7**	1,988,710	4,817,593
Proceeds from NSM financing	**7**	1,017,022	-
Stock option exercise	**7**	-	16,500
Loan repayments to related parties	**6**	(48,789)	(250,804)
Loan proceeds from related parties	**6**	-	7,930
Net cash provided by financing activities		2,956,943	4,591,219
Foreign exchange effect on cash		(419,510)	-
Increase in cash during the year		(131,460)	292,434
Cash – beginning of the year		301,568	9,134
Cash – end of the year		170,108	301,568
Income taxes paid		-	-
Interest paid		1,595	21,708

Non-cash transactions (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Silver Corporation ("NSC" or the "Company") was incorporated under the Canada Business Corporations Act on March 1, 2018. The Company's head office and registered offices are located at Suite 800, Wildeboer Dellelce Place, 365 Bay Street, Toronto, ON M5V 2H1. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "NSC". Effective January 2022, the Company obtained approval for trading on the OTCQB and commenced trading on the OTCQB under the ticker symbol "NVDSF".

On April 30, 2021, the Company completed a reverse takeover transaction (the "RTO" or the "Transaction") with EML, pursuant to which the Company acquired all of the issued and outstanding common shares of EML. Upon completion of the Transaction, the consolidated entity has continued to carry on the business of EML which is the exploration and development of mineral properties in the USA. Refer to Note 4.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2022, the Company had accumulated losses of $8,367,649 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") and related interpretations of the IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB").

(Expressed in Canadian Dollars)

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries subject to control by the Company:

		Percentage owned	
	Incorporated in	**Dec 31, 2022**	**Dec 31, 2021**
Electric Metals (USA) Pty Limited (“EML”)	Australia	100%	100%
Electric Metals (USA) Inc.	USA	100%	100%
North American Silver Corp. (“NAS”)	USA	100%	100%
Centennial Mining Inc.	USA	100%	100%
North Star Manganese Inc (“NSM”)	USA	90.5%	100%

Control over an entity is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

d) Foreign currencies

The functional currency and the presentation currency of the Company is the Canadian Dollar. The functional currency of EML is the Australia dollar (“AUD”), while the functional currency of Electric Metals (USA) Inc., NAS, Centennial Mining Inc. and NSM is the US dollar (“USD”). Those functional currencies are the currencies of the primary economic environments in which each of the companies operate.
Entities whose functional currencies differ from the functional currency of the Company are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) and accumulated in foreign currency translation reserve.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in foreign currency translation reserve related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in foreign currency translation reserve related to the subsidiary are reallocated between controlling and non-controlling interests.

e) Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives as follows:

- Office equipment – 3 years
- Computer equipment – 3 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and any changes in previous estimates are accounted for prospectively.

f) Financial instruments

Recognition and classification
The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing those financial assets and the contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Investments in equity instruments classified at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment, using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

g) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred.

Exploration and evaluation assets are classified as intangible assets.

h) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2022 and 2021, the Company has no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

i) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

The lease liability is recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of- use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

j) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Equity-settled common share options and warrants, denominated in the Company's functional currency, issued by the Company are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of closing a financing are recorded as deferred assets. Share issuance costs related to incomplete financing transactions are charged to profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company allocates unit offering proceeds between common shares and share purchase warrants using the residual value method, with the common shares being valued first and the balance, if any, allocated to the attached warrants.

Warrants issued to agents or brokers on a non-cash basis in connection with share capital financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to share-based payments reserve.

k) Earnings (loss) per share

Basic earnings (loss) per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share represents the earnings for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of those instruments would not be anti-dilutive. Diluted loss per share is equal to basic loss per share, as the effect of potentially dilutive instruments would be anti-dilutive.

l) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to 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. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. 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. The expected life used in the valuation model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where the 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-settled share options or warrants are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital, amounts related to the acquisition of assets are capitalized to the asset, and current period services are expensed to profit or loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the equity instrument is measured.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital, adjusted for any consideration paid. Upon expiry or forfeiture, the amount reflected in share-based payments reserve is not reclassified to another component of equity.

Where a grant of options is cancelled or settled 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.

For non-cash transactions paid by consideration in the form of the Company's common shares the transaction is measured at the date the Company obtains the goods or the counterparty renders services. Where the fair value of the good or services cannot be estimated reliably, the transaction is measured at the fair value of the common shares by reference to a quoted price.

m) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

n) New financial reporting standards and interpretations:

There are no new standards not yet adopted that are expected to have a material impact on the Company's consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Impairment of exploration and evaluation assets
The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

Issuances of shares for goods and services
Management makes judgments in determining the share price attributed to issuances of shares for goods and services. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value attributed could be materially different.

The RTO
The determination of the acquirer in the RTO is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over EML; whether the Company has exposure or rights to variable returns from its involvement with EML; and whether the Company has the ability to use its powers over EML to affect the amount of its returns. In exercising this judgment, EML was deemed to be the acquirer in the Transaction.

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion. The Transaction was accounted for as a reverse acquisition of assets and the difference between the fair value of net assets acquired and the consideration paid was recorded as a listing expense (Note 4).

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Share-based compensation
The Company measures the value of equity-settled transactions with employees, and with non-employees when the fair value of the goods or services received is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4. REVERSE TAKEOVER

On April 30, 2021, the Company completed the RTO with EML, an unlisted public company incorporated under the laws of New South Wales, Australia, by way of a Court-approved definitive scheme implementation agreement (the "Arrangement Agreement") under the laws of Australia. Pursuant to the Arrangement Agreement, the Company acquired all of the issued and outstanding ordinary shares of EML, and EML became a wholly-owned subsidiary of the Company.

Prior to completing the Transaction, the Company changed its name to Nevada Silver Corporation and consolidated its common shares on the basis of 0.73271 (new) common shares for every one (old) common share (the "Consolidation"). Pursuant to the terms of the Arrangement Agreement, all outstanding shares of EML were exchanged for post-Consolidation common shares of the Company on a one-for-one basis. On May 5, 2021, the TSXV issued a Final Exchange Bulletin accepting the Transaction, and approving NSC shares to begin trading on the TSXV on May 7, 2021.

Prior to completing the Transaction, NSC advanced an unsecured loan of $25,000 to EML in order for EML to satisfy property payments and other obligations during the process of completing the Transaction. The loan was evidenced by a promissory note, which contained customary events of default. The loan has been eliminated for consolidated financial statement purposes.

As a result of the Transaction, the former shareholders of EML, for accounting purposes, were considered to have acquired control of NSC. Accordingly, the acquisition of EML was accounted for as a reverse takeover that was not a business combination and effectively was a capital transaction of EML. EML has been treated as the accounting parent company (legal subsidiary) and NSC has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As EML is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. NSC's results have been included from April 30, 2021, the date of the Transaction.

(Expressed in Canadian Dollars)

Since NSC's operations did not constitute a business under IFRS 3, Business Combinations, the transaction was accounted for as a share-based payment and an asset acquisition respectively whereby equity instruments issued were recognized at fair value and allocated to the net assets acquired. The difference between the fair value of the consideration and the net assets acquired was accounted for as a listing expense which was expensed on completion of the RTO. The fair value of the NSC shares retained by the former NSC shareholders was determined using the concurrent financing price of $0.33 per share.

The purchase price has been allocated as follows:

	$
Fair value of consideration – 6,171,250 common shares of the Company at $0.33 per share	2,036,513
Cash	81,040
Short-term investments	203,952
Deferred finance fees	7,599
Loan receivable	25,000
Accounts payable and accrued liabilities	(160,482)
Listing expense	1,879,404
	2,036,513

5. EXPLORATION AND EVALUATION ASSETS

Corcoran Canyon Silver Project
The Company, through its subsidiaries, NAS and Centennial Mining Inc., has a 100% ownership interest in the Corcoran Canyon Silver Project in Nye County, Nevada. The Corcoran Canyon Silver Project comprises 328 contiguous, unpatented mineral claims with an area of approximately 2,674 hectares. Eight of the claims are currently subject to a 2% net smelter return ("NSR") royalty. Any surrounding claims acquired or staked by the Company would also become subject to the 2% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party.

USD$82,660 of reclamation bonds have been paid towards the Corcoran Canyon Silver Project.

Belmont Silver Project
In September 2021, the Company, through its subsidiary Centennial Mining Inc, filed 124 unpatented mineral claims with an area of approximately 1,034.6 hectares. These staked mineral claims cover two areas of 15 kilometers southwest of the Corcoran Silver-Gold Project and 80 kilometers north-east of Tonopah in Nye County, Nevada.

In February 2022, the Company entered into an option agreement with Summa LLC (the "Original Option Agreement"), pursuant to which the Company has the right to acquire a 100% interest in five patented lode mining claims in Nevada covering approximately 69.88 acres. Under the Original Option Agreement (later amended – see below), the Company had the right to purchase the optioned property for USD$10,000 per acre, or a total of USD$700,000. The Company could defer payment for up to five years by paying cash or (at the option of Summa LLC) issuing common shares of the Company on the anniversary date(s) of the option agreement, or until February 11, 2027 in the following amounts:

- USD$30,000 in common shares of the Company at a fair value of $0.32 per share on the effective date (issued 118,750 common shares valued at $38,000);
- USD$35,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the first anniversary date (paid cash of USD$35,000 subsequent to December 31, 2022);
- USD$40,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the second anniversary date;
- USD$45,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the third anniversary date;
- USD$50,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the fourth anniversary date;
- USD$700,000 in cash on the fifth anniversary date.

The Company may exercise the option to purchase the optioned property by paying USD$700,000 at any time.

In April 2022, the Company entered into a Deed of Variation with Summa LLC whereby it was agreed that all option payments, except the first option payment which has already been made, must be in the form of cash and deleted Summa LLC's option to accept deferral payments in the form of common shares of the Company.

In May 2022, the Company entered into an option agreement with Bottom Family Trust and Kristina Lynn Boscovich Limon whereby the Company has the right to acquire a 100% interest in one patented lode mining claim in Nevada covering approximately 2.41 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD$25,000. The Company has the option to defer payment for up to five years by paying USD$1,500 cash on the anniversary date(s) of the option agreement, or until May 10, 2027, when a USD$25,000 cash payment is to be made.

In May 2022, the Company entered into an option agreement with HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., whereby the Company has the right to acquire a 100% interest in eight patented lode mining claims in Nevada covering approximately 174.04 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD$10,000 per acre, or a total of USD$1,740,400. The Company has the option to defer payment by paying an annual rental fee of USD$300 per acre. Both the option purchase price and the annual rental fee are each adjusted annually by way of a Silver Price Adjustment as represented by the annual percent (%) increase in the daily price of silver per troy ounce, published by the London Bullion Market Association, with the February 2022 average price being the Beginning Index Price. The annual rental fee shall not be reduced below USD$300 per acre and the option purchase price shall not be reduced below USD$10,000 per acre. During the year ended December 31, 2022, the Company has recorded USD$52,213 in rental fees for the Belmont Silver Project.

In the event the Company purchases the optioned property outright, the transfer will be subject to HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., each retaining a 1.5% NSR.

All of the properties acquired under the agreements with Summa LLC, Bottom Family Trust and Kristina Lynn Boscovich Limon, and HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., are collectively referred to as the “Belmont Silver Project”.

USD$13,683 of reclamation bonds have been paid towards the Belmont Silver Project.

Emily Manganese Project

NSM has a 100% ownership and management interest in the Emily Manganese Project (“Emily”) established through a series of agreements with Cooperative Mineral Resources, LLC (“CMR”) and People’s Security Company, Inc. (“PSC”). These agreements establish two general arrangements related to the use of lands owned by CMR and PSC:

1. a contract mining and sales arrangement between NSM and CMR for the extraction of manganese ores from the property whereby NSM has the exclusive right to mine and purchase the manganese ore; and
2. separate property leases and a manganese processing agreement between NSM, CMR and PSC, where CMR and PSC, will receive as rent for their properties a portion of NSM’s net distributed profits from downstream sale of processed advanced materials from any ores mined by NSM from the Area of Interest (AOI).

NSM also has an option to purchase all of CMR’s and PSC’s mineral and surface assets, including all rights and obligations, for USD$30,250,000, less any net distributable profits paid by NSM.

(Expressed in Canadian Dollars)

Summary of Expenditures

Below is a summary of the changes in the exploration and evaluation assets during the years ended December 31, 2022 and 2021:

	Corcoran Canyon Silver Project $	Belmont Silver Project $	Emily Manganese Project $	Total $
Balance, December 31, 2020	**2,682,269**	**-**	**1,360,157**	**4,042,426**
Acquisition costs	5,344	-	134,333	139,677
Consulting – Geological	207,868	-	68,025	275,893
Consulting – Environmental	6,108	-	-	6,108
Consulting – Drilling	95,266	-	-	95,266
Consulting - Other	13,726	-	75,210	88,936
Permitting, sampling, assays and surveys	449,873	52,685	2,632	505,190
Drilling	1,187,207	-	-	1,187,207
Site visits	35,665	-	-	35,665
Staking	31,467	-	-	31,467
Foreign exchange	9,866	601	9,989	20,456
Balance, December 31, 2021	**4,724,659**	**53,286**	**1,650,346**	**6,428,291**
Acquisition costs	-	117,449	24,719	142,168
Consulting – Geological	169,477	121,115	264,273	554,865
Consulting – Environmental	250,375	1,719	134,042	386,136
Consulting – Drilling	-	86,865	103,830	190,695
Consulting - Other	99,095	44,296	201,199	344,590
Permitting, sampling, assays and surveys	53,037	113,779	54,782	221,598
Drilling	4,372	507,735	-	512,107
Site visits	49,150	44,357	-	93,507
Staking	-	5,204	-	5,204
Foreign exchange	202,333	42,707	92,173	337,213
Balance, December 31, 2022	**5,552,498**	**1,138,512**	**2,525,364**	**9,216,374**

6. LOANS FROM RELATED PARTIES

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred director fees of $85,291 and made payments of $58,404, resulting in net balance owing of $26,887 to the CEO of the Company. During the year ended December 31, 2020, the Company received additional advances totaling $18,577 from the CEO. During the year ended December 31, 2021, the Company made repayments of $35,259. The loan is non-interest bearing, due on demand, unsecured and has no maturity date. The balance of the loan payable was $10,196 as of December 31, 2022 (2021 – $10,205).

(Expressed in Canadian Dollars)

On May 25, 2020, the Company entered into a loan agreement with a company owned by the CEO of the Company. A maximum principal amount of AUD$100,000 is secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA. Any balance owing greater than AUD$100,000 is unsecured. During the year ended December 31, 2022, the Company made repayments of $48,789. The loan is non-interest bearing and due on demand. The balance of the loan payable was $180,145 as of December 31, 2022 (2021 - $230,029).

On June 11, 2020, the Company entered into a loan agreement with a shareholder and director of the Company for maximum proceeds of USD$100,000. The loan was secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA, bore interest at 12% per annum payable monthly in arrears, and was due on June 30, 2021. The balance of the loan payable has been fully repaid and was $nil as of December 31, 2022 (2021 - $nil).

On August 20, 2020, the Company entered into a loan agreement with a director of the Company for maximum proceeds of AUD$100,000. The loan was secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA, bore interest at 7.5% per annum payable monthly in arrears, and was due on June 30, 2021. In addition, the Company incurred borrowing costs of $19,280, paid as shares, with respect to the loan. The balance of the loan payable has been fully repaid and was $nil as of December 31, 2022 (2021 - $nil).

	$
Balance, December 31, 2020	486,290
Loan proceeds	7,930
Loan repayments	(250,804)
Interest expense	14,330
Foreign exchange	(17,512)
Balance, December 31, 2021	240,234
Loan repayments	(48,789)
Foreign exchange	(1,104)
Balance, December 31, 2022	190,341

7. SHARE CAPITAL

a) **Authorized** – Unlimited common shares without par value.

b) **Share exchange** – Prior to the RTO, the Company consolidated its common shares on a 0.73271 for 1 basis. Pursuant to the terms of the RTO, all outstanding securities of EML were exchanged for post-Consolidation shares of the Company on a one-for-one basis.

c) **Issued and outstanding** – 72,791,943 common shares (2021 – 65,993,193 common shares)

d) Financings

On April 30, 2021, 6,171,250 common shares were deemed to be issued by EML as a result of the RTO (refer to Note 4). The fair value of the 6,171,250 common shares of $2,036,513 was determined using the concurrent financing price of $0.33 per share.

On April 30, 2021, the Company issued 15,301,923 common shares to investors in the non-brokered concurrent financing conducted by the Company and EML to raise aggregate gross proceeds of $5,049,635. A total of 7,650,962 warrants of the Company were also issued in connection with the concurrent financing. Each warrant entitles the holder to acquire one share of the Company at an exercise price of $0.60 per share for a period of two years. The Company will be entitled to accelerate the Warrant Expiry Date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be greater than $1.00 for twenty consecutive trading days. Total share issue costs of $264,064 including finder's fees were incurred in connection with the concurrent financing. Using the residual method, a value of $0.33 was attributed to each common share and a value of $nil was attributed to each warrant.

The Company also issued an aggregate of 256,501 non-transferable finders warrants (the "Finders Warrants"). Each Finders Warrant entitles the holder to acquire one common share of the Company at a price of $0.60 per share for a period of 2 years. The fair value of the Finders Warrants has been estimated to be $32,022 using the Black-Scholes option pricing model using the following assumptions: share price at the time of issuance $0.33; risk-free interest rate of 0.30%; expected life of 2 years; dividend yield of 0%; forfeiture rate of 0% and annualized volatility of 100%.

On May 6, 2021, the Company issued 650,000 common shares to Sheldon Inwentash in connection with his role as Chair of the Board. The fair value of the common shares was determined using the concurrent financing price of $0.33 per share. A total of $214,500 was recorded in directors fees.

During the year ended December 31, 2021, 50,000 stock options were exercised for total proceeds of $16,500. The Company also transferred $14,758 from share-based payments reserve to share capital. The market price of the Company's common shares on the date of exercise was $0.42 per share.

On February 11, 2022, the Company issued 118,750 common shares at a fair value of $38,000 to Summa LLC pursuant to an option payment for the Belmont Silver Project (note 5).

On February 28, 2022, the Company closed a private placement of 6,670,000 units of the Company for gross proceeds of $2,001,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.45 per share for a period of two years. The Company will be entitled to accelerate the warrant expiry date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be equal to or greater than $0.80 for ten consecutive trading days. Total share issue costs of $12,290 were incurred in connection with the private placement. Using the residual method, proceeds of $2,001,000 were attributed to common shares and $nil was attributed to warrants.

On August 31, 2022, the Company closed a non-brokered private placement of securities of NSM to provide NSM with interim exploration financing and general working capital ("NSM financing"). NSM issued a total of 3,160,223 shares of NSM at a price of USD$0.25 per share for aggregate gross proceeds of $1,017,022 (USD$790,058). As a result of the NSM financing, the Company's ownership in NSM was reduced to 90.5%. No fees were payable on the financing.

e) Stock Options

The Company has established a stock option plan available for directors, officers, employees and consultants, and has authorized a stock option pool equal to 10% of the then outstanding common shares. The Company's practice is to not have an exercise price of each option granted under the plan less than the market price of a common share on the date of the option grant. The vesting terms of the stock options are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant. After termination of employment, unvested options are forfeited immediately, and vested options expire 90 days subsequent to termination. The Board of Directors administers the stock option plan.

On May 6, 2021, the Company granted an aggregate of 2,100,000 stock options with a fair value of $619,823 to certain directors, officers and consultants of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.33 per share for a 10-year period. The options vested in four equal installments on August 6, 2021, November 6, 2021, February 6, 2022 and May 6, 2022. Share-based compensation expense related to these stock options of $74,265 was recorded during year ended December 31, 2022 (2021 - $545,559).

On November 26, 2021, the Company granted an aggregate of 300,000 stock options with a fair value of $103,785 to a consultant of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.45 per share for a 10-year period. 20% of the options vested immediately, and the remainder vested in four equal installments on February 26, 2022, May 26, 2022, August 26, 2022 and November 26, 2022. In April 2022, 180,000 unvested stock options were cancelled due to the termination of the consulting agreement. The expiration date of the 120,000 vested stock options were accelerated to June 23, 2022. Share-based compensation expense related to these stock options of $4,195 was recorded during the year-ended December 31, 2022 (2021 - $37,319).

During the year ended December 31, 2021, 50,000 stock options were exercised for total proceeds of $16,500. The Company also transferred $14,758 from share-based payments reserve to share capital. The market price of the Company's common shares on the date of exercise was $0.42 per share.

(Expressed in Canadian Dollars)

The fair value of the options granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2022	2021
Stock price	-	$0.34
Exercise price	-	$0.35
Risk-free interest rate	-	1.50%
Expected life	-	10 years
Expected volatility	-	100%
Expected dividend yield	-	Nil
Weighted average fair value	-	$0.30

Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies.

A summary of stock option activity is as follows:

	Options #	**Weighted average exercise price $**
Balance outstanding, December 31, 2020	-	-
Granted	2,400,000	0.35
Exercised	(50,000)	0.33
Balance outstanding, December 31, 2021	2,350,000	0.35
Cancelled	(1,250,000)	0.36
Balance outstanding, December 31, 2022	**1,100,000**	**0.33**
Options exercisable, December 31, 2022	**1,100,000**	**0.33**

As at December 31, 2022, the Company had the following options outstanding:

Expiry Date	Exercise Price $	Remaining Life (Years)	Options Outstanding #
May 6, 2031	0.33	8.35	1,100,000

(Expressed in Canadian Dollars)

f) Warrants

A summary of warrant activity is as follows:

	Warrants #	**Weighted average exercise price** $
Balance outstanding, December 31, 2020	-	-
Granted	7,650,962	0.60
Balance outstanding, December 31, 2021	7,650,962	0.60
Granted	3,335,000	0.45
Balance outstanding, December 31, 2022	**10,985,962**	**0.55**

As at December 31, 2022, the Company had the following warrants outstanding:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023	0.60	0.33	7,650,962
February 28, 2024	0.45	1.16	3,335,000
			10,985,962

g) Finders Warrants

A summary of finders warrants activity is as follows:

	Finders warrants #	**Weighted average exercise price** $
Balance outstanding, December 31, 2020	-	-
Granted	256,501	0.60
Balance outstanding, December 31, 2021 and 2022	**256,501**	**0.60**

(Expressed in Canadian Dollars)

As at December 31, 2022, the Company had the following finders warrants outstanding:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023	0.60	0.33	256,501

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which was $6,689,099 at December 31, 2022 (2021 - $5,789,186).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any external capital requirements.

9. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash and reclamation bonds at FVTPL and accounts payable and accrued liabilities and loans from related parties at amortized cost.

a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2022, the Company believes that the carrying amounts of accounts payable and accrued liabilities and loans from related parties approximate their fair values because of the market rates of interest attached to these financial instruments, and or their relatively short maturity dates or durations. Cash and reclamation bonds are measured at fair value is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussion of risks associated with financial assets and liabilities are detailed below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with federally regulated institutions with deposit insurance and the reclamation bonds are paid to US governments. The credit risk related to cash and reclamation bonds is considered minimal. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by monitoring the Company's contractual obligations to anticipate any investing and financing activities. The Company's management of liquidity risk has not changed materially from that of the prior year.

As at December 31, 2022, the Company had a cash balance of $170,108 and receivables of $67,517 to settle current liabilities of $3,119,602. The Company intends to raise adequate funds to meet its liquidity needs for the next twelve months via private placements. Subsequent to December 31, 2022, the Company closed a private placement of common shares and warrants of the Company for gross proceeds of $3,499,980 (Note 14).

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 prices.

a) Interest rate risk
Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company's interest-bearing financial instruments have fixed interest rates. The Company is also exposed to the risk of variation in the fair value of financial instruments resulting from fluctuations in interest rates, however the impact is not material.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily cash, offset by accounts payable and accrued liabilities and loans from related parties denominated in foreign currencies. The Company primarily spends funds in Australian dollars and US dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Australian dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The Company is exposed to movements in the Canadian dollar against the Australian dollar and US dollar. Sensitivity analysis has been performed to indicate how the profit or loss would have been affected by changes in the Canadian dollar and each of these currencies.

As at December 31, 2022, the Company held cash denominated in Australian dollars of AUD$219, accounts payable and accrued liabilities of AUD$164,356 and loans from related parties of AUD$206,982. A 10% strengthening in the Australian dollar relative to the Canadian dollar would result in an increase (decrease) of approximately $34,000 in the Company's net loss.

As at December 31, 2022, the Company held cash denominated in US dollars of USD$13,846 and accounts payable and accrued liabilities of USD$1,356,720. A 10% strengthening in the US dollar relative to the Canadian dollar would result in an increase (decrease) of approximately $182,000 in the Company's net loss.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

10. RELATED PARTY TRANSACTIONS

Related party transactions are comprised of services rendered by key management personnel of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

(Expressed in Canadian Dollars)

The Company incurred charges to Directors and Officers, or to companies associated with these individuals, during the years ended December 31, 2022 and 2021:

	Note	2022 $	2021 $
Directors fees		136,000	358,500
Consulting fees		340,045	299,443
Professional fees		277,510	340,232
Share-based compensation	7	65,424	480,612
		818,979	1,478,787

The amounts due to related parties at December 31, 2022 are $770,040 (2021 - $185,087) owing to directors of the Company and a company in which the CFO of the Company is a shareholder. The amounts due to related parties are included in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company was charged $191,999 (2021 - $268,960) by a legal partnership of which one of its partners is a director of the Company. As at December 31, 2022, the Company has recorded deferred share issuance costs of $148,893 (2021 - $nil) charged by a legal partnership of which one of its partners is a director of the Company.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by the CEO of the Company for annual fees of $240,000 which shall continue indefinitely unless terminated by either party. If the agreement is terminated without cause or due to a change in control, the Company shall pay a lump sum payment equal to one month of the annual fees at the time of termination for every year of service provided under the consulting agreement, with a minimum of 6 months and a maximum of 18 months. The company owned by the CEO of the Company shall be entitled to terminate the agreement at any time by giving three months written notice to the Board.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by a director of the Company for annual fees of $150,000 which shall continue indefinitely unless terminated by either party. If the agreement is terminated without cause or due to a change in control, the Company shall pay a lump sum payment equal to one month of the annual fees at the time of termination for every year of service provided under the consulting agreement, with a minimum of 6 months and a maximum of 18 months. The company owned by the director of the Company shall be entitled to terminate the agreement at any time by giving three months written notice to the Board.

Other related party transactions are disclosed in Note 6.

(Expressed in Canadian Dollars)

11. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows.

During the year ended December 31, 2022, the following transactions were excluded from the consolidated statement of cash flows:

- the Company issued 118,750 common shares as acquisition costs valued at $38,000 (Note 5); and
- capitalized exploration and evaluation costs of $1,519,480 included in accounts payable and accrued liabilities as of December 31, 2022.

During the year ended December 31, 2021, the following transactions were excluded from the consolidated statement of cash flows:

- the Company issued 256,501 finders warrants as finder's fees valued at $32,022 (Note 7); and
- capitalized exploration and evaluation costs of $20,455 included in accounts payable and accrued liabilities as at December 31, 2021.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year Ended December 31, 2022	**Year Ended December 31, 2021**
Statutory tax rate	**26.5%**	**26.5%**
	$	**$**
Income before income taxes	(2,507,116)	(4,574,085)
Expected income tax expense at statutory rate	(664,386)	(1,212,133)
Difference in tax rates and foreign exchange	12,299	25,508
Tax effect of non-deductible expenses	34,275	944,299
Deferred tax expense from temporary differences	(3,257)	(69,977)
Deferred tax asset not recognized	621,069	312,303
Income tax recovery	-	-

(Expressed in Canadian Dollars)

The significant components of the Company's deferred income tax assets as at December 31, 2022 and 2021 are as follows:

	2022 $	2021 $
Carried forward tax losses	1,317,481	678,589
Financing and share issuance costs	53,552	71,347
Unrecognized deferred income tax assets	(1,371,033)	(749,936)
Net deferred tax asset	-	-

As at December 31, 2022, the Company has tax losses in Australia of approximately $974,000, tax losses in Canada of approximately $2,938,000 and tax losses in USA of approximately of $1,291,000. The tax losses in Australia may be carried forward indefinitely, the tax losses in Canada may be carried forward to 2041-2042 and the tax losses in the USA may be carried forward indefinitely and applied against future assessable income. Deferred tax benefits, which may arise as a result of these losses have not been recognized in these consolidated financial statements.

13. SEGMENT INFORMATION

During the year ended December 31, 2022, the Company had one reportable operating segment, being the acquisition and exploration of interests in mineral properties. The Company has operations located in three geographical segments, Canada, USA and Australia. Geographic information is as follows:

	Total non-current assets as at December 31, 2022 $	Total non-current assets as at December 31, 2021 $
USA	9,505,091	6,430,139
Total non-current assets	9,505,091	6,430,139

	Loss for the year ended December 31, 2022 $	Loss for the year ended December 31, 2021 $
Canada	1,694,677	3,655,519
USA	745,426	205,481
Australia	67,013	713,085
Total net loss	2,507,116	4,574,085

14. SUBSEQUENT EVENTS

a) In January 2023, the Company closed a private placement of common shares and warrants of the Company for gross proceeds of $3,499,980. Pursuant to the offering, the Company issued 21,212,000 common shares at a price of $0.15 per share and 21,212,000 warrants at a price of $0.015 per warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.25 per share for a period of 24 months from the date of issuance.

   In the event the volume weighted average trading price of the common shares of the Company on the TSXV is equal to or greater than $0.30 per share for a period of at least twenty consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants to a date that is 30 calendar days after notice is given of such Acceleration Event by ways of news release.

   Total share issue costs of $480,272 including finder's fees were incurred in connection with the private placement. As of December 31, 2022, $148,893 of the share issue costs has been recorded as deferred share issuance costs on the consolidated statement of financial position.

   The Company also issued an aggregate of 1,394,750 non-transferable finders warrants (the "Finders Warrants"). Each Finders Warrant entitles the holder to acquire one common share of the Company at a price of $0.165 per share for a period of 2 years.

b) In January 2023, the Company granted 3,150,000 stock options to certain directors, officers and consultants of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share for a 5-year period.

c) In February 2023, the Company announced that NSM has signed lease and purchase option agreements with two private landowners in Emily, Minnesota on two adjacent blocks of land covering approximately 77 acres of surface and mineral rights. Pursuant to the lease and purchase option agreements, NSM will pay the private landowners an annual fee of USD$6,000 due on closing and on each anniversary date of the agreement. The annual fee will increase by 3% each anniversary date. NSM can purchase the optioned property by paying USD$10 at closing for the option to purchase the land at any time for a mutually agreed market price or a professional appraisal price plus 15%. The land is subject to a 2.5% NSR that can be bought for USD$500,000 for each 1.25%, at any time.

d) On April 4, 2023, the Company completed the acquisition of all of the outstanding securities of NSM that it did not already hold (the "NSM Share Acquisition"). The NSM Share Acquisition was accomplished pursuant to share exchange agreements whereby each holder of NSM Shares agreed to exchange their NSM Shares for units of NSC (the "Units") on the basis of 2.04545 Units per NSM Share, with each Unit comprised of one common share and one common share purchase warrant. In the aggregate the Company issued 6,464,113 Units to the (former) NSM Shareholders. Each warrant is exercisable to acquire one common share of the Company at a price of $0.25 per share for a period of 24 months following issuance thereof. The expiry date of the warrants will accelerate in the event the volume weighted average trading price of the shares on the TSXV is equal to or exceeds $0.30 per share for a period of 20 consecutive trading days (an "Acceleration Event"). If an Acceleration Event occurs, the warrants will expire 30 days after notice of such Acceleration Event. Following the NSM Share Acquisition, the Company once again indirectly holds 100% of the outstanding NSM Shares.