HONEY BADGER SILVER INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2023, and 2022

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, the financial statements must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared and are the responsibility of the Company's management ("Management"). The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HONEY BADGER SILVER INC.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

As at	Note	June 30, 2023 $	December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents	**3**	**1,124,050**	544,478
Marketable securities	**4**	**34,696**	32,613
Taxes and other receivables		**41,486**	34,443
Prepaid expenses		**65,380**	27,443
Total Assets		**1,265,610**	638,977
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**6**	**437,085**	307,086
Flow-through share premium liability	**7**	**15,994**	—
Total Liabilities		**453,079**	307,086
Shareholders' Equity			
Share capital	**8(a)**	**18,105,018**	17,056,261
Warrants	**8(b)**	**1,014,662**	858,442
Contributed surplus	**8(c)**	**4,457,718**	4,422,496
Accumulated deficit		**(22,764,866)**	(22,005,308)
Total Shareholders' Equity		**812,531**	331,891
Total Liabilities and Shareholders' Equity		**1,265,610**	638,977

Nature of operations and going concern (note 1)
Commitments (note 10)

Approved on behalf of the Board of Directors:

(Signed) "Chad Williams"
Director

(Signed) "John H. Hill"
Director

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Notes	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
		$	$	**$**	$
Expenses					
Exploration expenditures	**5**	**76,080**	106,805	**81,026**	440,661
General and administrative		**10,287**	18,297	**13,542**	30,440
Investor relations and travel		**49,820**	159,498	**135,940**	231,465
Management fees	**9**	**194,250**	101,475	**348,270**	213,975
Professional and consulting fees		**54,728**	56,244	**110,100**	91,761
Regulatory fees and transfer agent		**16,572**	16,599	**36,560**	35,648
		401,738	458,918	**725,438**	1,043,950
Share-based compensation	**8,9**	**17,611**	52,782	**35,222**	105,564
Loss before under noted items:		**419,349**	511,700	**760,660**	1,149,514
Unrealized (gain) loss on marketable securities	**6**	**–**	48,920	**(2,082)**	65,227
Gain on flow-through premium	**7**	**–**	(7,537)	**–**	(27,450)
Interest income		**(431)**	(8,145)	**(2,045)**	(8,145)
Foreign exchange loss		**1,144**	1,084	**3,026**	740
Net loss and comprehensive loss		**420,062**	(546,022)	**(759,559)**	(1,179,886)
Loss per share - basic and diluted		**$0.01**	$0.02	**$0.02**	$0.04
Weighted average number of common shares outstanding – basic and diluted		**37,707,846**	31,173,445	**34,458,696**	31,173,445

(1) Weighted average number of common shares outstanding is restated to give effect to a retroactive consolidation – See note 7.

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

HONEY BADGER
SILVER INC.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

For the six months ended June 30,	2023	2022
	$	$
Operating activities		
Loss for the period	**(759,559)**	(1,179,886)
Items not affecting cash:		
Share-based compensation	**35,222**	105,564
Unrealized loss on marketable securities	**(2,082)**	65,227
Gain on flow-through premium	**–**	(27,450)
Net change in non-cash working capital items:		
Taxes and other receivables	**(7,044)**	81,273
Prepaid expenses	**(37,937)**	16,333
Accounts payable and accrued liabilities	**129,998**	(76,858)
Net cash used in operating activities	**(641,398)**	(1,015,795)
Financing activities		
Proceeds from private placement	**1,261,450**	–
Share issuance costs	**(40,480)**	–
Net cash provided by financing activities	**1,220,970**	–
Change in cash and cash equivalents	**579,572**	(1,015,795)
Cash and cash equivalents, beginning of period	**544,478**	2,143,956
Cash and cash equivalents, end of period	**1,124,050**	1,128,161

Supplemental cash-flow disclosure:		
Income tax paid	—	—
Interest paid	—	—
Issuance of broker warrants	6,361	—

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

HONEY BADGER
SILVER INC.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

		Share Capital		Reserves		Shareholder Equity (Deficit)	
	Note	Common Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total
		#	$	$	$	$	$
Balance at December 31, 2021		**31,173,445**	**17,056,261**	**1,086,664**	**3,983,146**	**(20,368,507)**	**1,757,564**
Share-based compensation	**7**	—	—	—	105,565	—	105,565
Loss for the period		—	—	—	—	(1,179,886)	(1,179,886)
Balance at June 30, 2022		**31,173,445**	**17,056,261**	**1,086,664**	**4,088,711**	**(21,548,393)**	**683,243**
Expiry of warrants	**7**	—	—	(228,222)	228,222	—	—
Share-based compensation	**7**	—	—	—	105,563	—	105,563
Loss for the period		—	—	—	—	(456,915)	(456,915)
Balance at December 31, 2022		**31,173,445**	**17,056,261**	**858,442**	**4,422,496**	**(22,005,308)**	**331,891**
Share issued for private placements		8,303,043	1,261,450	—	—	—	1,261,450
Share issue costs		—	(46,841)	6,631	—	—	(40,480)
Issuance of warrants		—	(149,859)	149,859	—	—	—
Share-based compensation	**7**	—	—	—	35,222	—	35,222
Premium on flow-through shares		—	(15,994)	—	—	—	(15,994)
Loss for the period		—	—	—	—	(759,559)	(759,559)
Balance at June 30, 2023		**39,476,488**	**18,105,018**	**1,014,662**	**4,457,718**	**(22,764,866)**	**812,532**

(1) The number of common shares in this table is restated to give effect to a retroactive consolidation– See note 7.

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

1. Nature of Operations and Going Concern

Honey Badger Silver Inc. ("Honey Badger" or the "Company") was incorporated in Ontario, in 1992. The Company's corporate office is located at 401 Bay Street, Suite 2704, Toronto, Ontario M5H 2Y4 and its common shares are traded on the TSX Venture Exchange ("TSXV") under the symbol "TUF" and on the OTCQB Market Exchange under the trading symbol "HBEIF".

Honey Badger is engaged in the identification and acquisition of silver-based and other metals-based assets, including high-grade properties, projects with existing mineral resources/reserves and cash-flowing metal royalties and streams.

The accompanying condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared on a going concern basis of presentation, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is currently in the exploration stage and has not commenced commercial operations. For the six months ended June 30, 2023, the Company had a loss of $759,559 (2022 – $1,179,886) and an accumulated deficit of $22,764,866 (December 31, 2022 – $22,005,308).

These Interim Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying Interim Financial Statements. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, six months from the end of the reporting period.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has a property interest, in accordance with industry standards for the current stage of exploration of such interests, these procedures do not guarantee the Company's title. Property titles may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation of properties, and political uncertainty.

Working capital at June 30, 2023, is $812,531 (December 31, 2022 - $331,891). From April 11 to May 23, 2023 the Company completed a non-brokered hard dollar and flow-through private placement, for aggregate gross proceeds of $1,261,450 (collectively the "April Offering").

Management believes the Company has sufficient funding to meet the ongoing general and administrative expenses incurred to maintain operations for the short term, however, depending on exploration results and the Company's plans for impending and future acquisitions, the Company may need to raise additional funds, through the issuance of equity or debt. Although the Company has been successful in raising funding to date there can be no assurance that adequate or sufficient funding will be available in the future, or available under terms acceptable to the Company. In the event the Company is unable to secure further financing, it may not be able to make additional acquisitions or advance exploration, therefore, for these reasons, there may exist material uncertainties that cast significant doubt on the ability of the Company to continue as a going concern.

2. Significant Accounting Policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IASB”) 34, *Interim Financial Reporting*. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in the Interim Financial Statements are based on IFRS issued and outstanding as of the date of filing this report. The same accounting policies and methods of computation followed in these Interim Financial Statements are set out in note 2 of the most recently filed annual (audited) financial statements as at and for the year ended December 31, 2022 (the “Annual Financial Statements”), except where noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual (audited) financial statements for the year ending December 31, 2023, could result in the restatement of these Interim Financial Statements.

These Interim Financial Statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on a historical cost basis. All amounts have been rounded to the nearest dollar unless otherwise noted.

These Interim Financial Statements were authorized for issue by the Board of Directors on August 29, 2023.

Basis of presentation

These Interim Financial Statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These Interim Financial Statements include the accounts of the Company, and its wholly owned subsidiaries: 606596 Alberta Ltd., The Thunder Bay Silver & Cobalt Corp., Silver Storm Royalties Inc. (formerly 2815210 Ontario Limited), Honey Badger Silver (Nunavut) Ltd. and Honey Badger Chile, SpA, all of which have no assets in the current or prior period. All intercompany balances and transactions have been eliminated.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Judgments, estimates, and assumptions are continuously evaluated and are based on Management’s best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the financial statements.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the Interim Financial Statements relate to the following:

- *Going concern* – the preparation of these Interim Financial Statements requires Management to make judgments regarding the going concern of the Company as previously discussed in note 1 above.
- *Income taxes and the recovery of deferred taxes* – the measurement of income taxes payable and deferred income tax assets and liabilities requires Management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of these Interim Financial Statements.
- *Deferred Flow-Through Premium Estimates* – recorded costs of flow-through share premium liabilities reflect premiums received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainties and requires the Company to assess the value of non-flow-through shares. The determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- *Share-based compensation* – estimating fair value for granted stock options 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 option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense for the period along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in note 9 of these Interim Financial Statements.
- *Warrants* – The Company may issue units in their financings, comprised of common shares and common share purchase warrants. The fair value of the warrants issued on the closing, is estimated, and reflected in the reserve for warrants account until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to contributed surplus.

Adoption of New Accounting Standards

Certain pronouncements have been issued by the IASB or the IFRIC that are effective for accounting periods on or after January 1, 2023. The Company has reviewed these updated standards and determined that none of these updates are applicable or consequential to the Company and have been excluded from discussion within these Interim Financial Statements.

3. Cash and Cash Equivalents

As at	**June 30, 2023**	December 31, 2022
Cash	**$1,124,050**	$44,478
Term deposits	**—**	500,000
	$1,124,050	$544,478

4. Marketable Securities

On June 8, 2020, the Company received common shares of Blue Thunder Mining Inc. in consideration for the sale of exploration data valued at $320,000.

The following sets out the changes to marketable securities during the year ended December 31, 2022 and the six months ended June 30, 2023:

Balance, December 31, 2021	**$114,148**
Unrealized gain (loss) on marketable securities	(81,534)
Balance, December 31, 2022	**$32,614**
Unrealized gain (loss) on marketable securities	2,082
Balance, June 30 2023	**$34,696**

At the end of each reporting period, Management revalues the fair value of the marketable securities held at period end, using the closing price of the Company's shares, as reported on the TSXV. For the six months ended June 30, 2023, the Company recorded an unrealized gain of $2,082 (2022 – loss of $65,227), using this pricing mechanism.

5. Exploration and Evaluation Expenditures ("E&E")

Cachinal Project, Chile

On February 14, 2023, the Company signed a Definitive Agreement for the purchase of the Cachinal, Chile Project from Aftermath Silver Ltd. ("Aftermath"). The consideration payable to Aftermath will be comprised of the following: (a) an aggregate of 3,508,771 common shares of Honey Badger ("Honey Badger Shares"), at a deemed price per share of $0.285 (being C$1,000,000 in share consideration); (b) C$652,000 in cash payable at closing; and (c) additional cash payments as follows: C$200,000 on or before by May 31, 2023, C$400,000 on or before March 31, 2024, and C$400,000 on or before September 30, 2024. The additional cash payments will be evidenced by a promissory note issued at closing (the "Promissory Note"), and the obligations thereunder will be secured by a pledge over the shares of the Chilean entity which holds the Cachinal Project. The Promissory Note will provide the Company with the option, subject to regulatory approval, to satisfy payments by issuing additional Honey Badger Shares at a deemed price per share equal to the greater of: (a) the 30 trading-day volume weighted average price of the Honey Badger Shares on the TSXV (the "VWAP"); or (b) the maximum permitted discount permitted under the policies of the TSXV; provided that the Company will not be able to issue Honey Badger Shares in satisfaction of amounts owing if its 30 trading-day VWAP is less than C$0.05. The Company has also agreed to grant certain royalties to Aftermath, namely: (i) a 1% net smelter returns ("NSR") royalty; the Company may buy back this NSR for C$8,500,000 and (ii) a production payments royalty ("PPR") upon commencement of commercial production at Cachinal; the PPR is payable, in cash or shares at Aftermath's option, being payable at C$0.50 per silver ounce produced at the Cachinal Project, until an aggregate of C$2,500,000 has been paid, at which point the PPR will terminate. Closing of the acquisition of the Cachinal Project remains subject to customary closing conditions, including approval by the TSXV.

Yukon Silver Properties

On June 4, 2021, the Company acquired the rights, title and 100% interest in three advanced, silver-focused properties located in southeast and south-central Yukon, Canada (the "Acquisition"), from Strategic Metals

Ltd. (“Strategic Metals”). The properties are comprised of Plata, Groundhog, and Hy. Consideration for 100% interest in the properties was the issuance of 34,804,718 common shares, valued at $0.13 per common share, for a total value of $4,524,613.

(i) *Plata*
Plata lies within the Tintina Gold Belt and displays many similarities to the Keno Hill Silver Camp located about 180 km to the west. The Keno Hill Silver Camp is Canada’s second-largest primary producer of silver with production from approximately thirty-five vein deposits between 1913 and 1989. A reported 2,041 tonnes of hand-sorted material were shipped from high-grade veins on the Plata property to a smelter, yielding about 9,020 kg (290,000 ounces) of silver; this equates to a recovered silver grade of approximately 4,420 grams per tonne (g/t) silver (Turner, 2009).

(ii) *Groundhog*
Silver mineralization was first discovered in the road-accessible Groundhog area in 1956. Since that time over one hundred showings have been discovered in the district by various operators. One of these showings was bulk sampled in 1988 and 1995. This work resulted in the removal of 52.5 tonnes grading approximately 3,800 g/t silver. A rock sample from the property returned 11,663.5 g/t silver (Kammerer and Turner, 2010).

(iii) *Hy*
The road accessible Hy property covers many silver occurrences that were first discovered on the property in 1964. Three mineralized zones were the primary focus of past exploration with the areas between them essentially unexplored. Bulldozer trenching uncovered a chip sample that yielded 370.3 g/t silver over 3.2 metres (Mitchell, 2015).

(iv) *Clear Lake*
On March 29, 2022, the Company completed the acquisition of a 100% interest in a deposit in the Whitehorse Mining District of the Yukon (“Clear Lake”). Total consideration for Clear Lake was $250,000 cash and the grant of a 1% Net Smelter Royalty (“NSR”) on all metals other than silver.

During the six months ended June 30, 2023 the Company received a grant of $28,438 from the Yukon government to supplement its Yukon E&E.

<u>Thunder Bay, Ontario Properties</u>

Thunder Bay Silver & Cobalt Corp.

On June 7, 2018, the Company acquired Thunder Bay Silver & Cobalt Corp., a private company that holds certain mineral claims in the historic Thunder Bay Silver District ("Thunder Bay"). The property is subject to a 2.5% net smelter royalty (“NSR”) which may be repurchased for $1,500,000.

On July 20, 2021, the Company acquired an 80% interest in certain additional silver properties in Thunder Bay, from Romios Gold Resources ("Romios Gold"), for the issuance of 1,103,506 common shares, valued at $77,245. The Company was also granted a right of refusal by Romios Gold on the remaining 20% interest.

Beaver Silver Property

On July 19, 2018, the Company entered into an option agreement (the “Agreement”) to acquire up to a 100% interest in the Beaver Silver Property from Cairngorm Mines Ltd. Under the terms of the Agreement, the Company may exercise the option over a three-year period, by a) making cash payments totaling $75,000, b) incurring exploration expenditures of $750,000 over the option period, and c) issuing common shares with a market value of $410,000 over the option period. Once the three conditions are met, the Optionor shall be granted a 2% NSR which may be repurchased by the Company for $1,000,000. The Company has not met the heretofore described three conditions.

Nanisivik Project, Nunavut, Canada

In September 2021 the Company map staked 3 claims covering 4,850 hectares on the historic Nanisivik mine on Baffin Island, Nunavut, which produced 17.9 million tons of ore between 1976 and 2002, grading 9% zinc, 0.72% lead, and 35 grams per ton silver. The Company staked claims totaling 5,723 hectares over the Nanisivik mine area in 2022.

In addition to the ore that was mined, previous exploration identified several areas of massive sulphide (principally pyrite) with reported anomalous concentrations of silver as well as, locally, germanium, gallium, and indium. The Company is mobilizing a team to undertake initial mapping and sampling of the outcropping massive sulphide targets.

James Bay Territory, Quebec

The Company holds 45 claims in 7 blocks covering 2,275 hectares in the James Bay area of Quebec. The Company has compiled available data on these properties and is assessing and evaluating next steps.

The following comprises the exploration and evaluation expenditures ("E&E") incurred by the Company for the six months ended June 30, 2023 and 2022:

	June 30, 2023	June 30 2022
CANADA		
Yukon		
Acquisition, maintenance	**$–**	265,233
E&E	**46,799**	81,812
Less grant	**(28,438)**	–
	18,361	347,045
Thunder Bay		
Acquisition, maintenance	**12,597**	12,278
E&E	**–**	13,414
	12,597	25,692
Nunavut		
Acquisition, maintenance	**–**	13,590
E&E	**–**	2,304
	–	15,894
CHILE		
Acquisition, maintenance	**–**	–
E&E	**25,603**	50,192
	25,603	
Other		
Acquisition, maintenance	**1,965**	1,839
E&E	**22,500**	–
	24,465	1,839
	$81,086	$440,661

6. Amounts Payable and Accrued Liabilities

As at	**June 30, 2023**	December 31, 2022
Accounts payable	**$331,925**	$181,774
Related parties	**88,160**	98,819
Accrued liabilities	**17,000**	26,493
	$437,085	$307,086

7. Deferred Premium Liability on Flow-through Shares

The premium paid for FT shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statements of loss and comprehensive loss as a gain, on a pro-rata basis, based on the corresponding Canadian Eligible Exploration ("CEE") expenditures that have been incurred. At June 30, 2023, the Company has recorded a deferred premium on flow-through shares of $15,594. The Company has committed to spend $255,900 on CEE by no later than December 31, 2024. Derecognition of the deferred premium liability will occur as the CEE is incurred.

8. Shareholders' Equity

a) Common shares

The authorized share capital consists of an unlimited number of common shares (issued 31,172,445 common shares) having no par value. All issued shares are fully paid for.

(i) On January 20, 2023, a consolidation of the Company's common shares took effect. A resolution to consolidate Honey Badger's common shares on the basis of one post-consolidation common share for every 5.7 pre-consolidation common shares issued and outstanding was previously approved by the shareholders, at the Company's Annual General and Special Meeting held on December 15, 2022. The issued and outstanding common shares post-consolidation is 31,173,445. Further, options and warrants issued and outstanding have also been reduced and restated on the same 5.7 ratio basis.

(ii) Between April 11 and May 24, 2023 (the "Closing Period") the Company completed a non-brokered hard dollar and flow-through ("FT") dollar private placement, for aggregate gross proceeds of $1,261,450 (the "April Offering"). The hard dollar component of the April Offering involved the sale of 6,703,668 units ("HD Units") at a price of $0.15 per HD unit for gross proceeds of $1,005,550. Each HD Unit consists of one common share of the Company ("Common Share") and one-half of a Common Share purchase warrant. The FT dollar component of the April Offering involved the sale of 1,599,375 units ("FT Units") at a price of $0.16 per FT unit for aggregate proceeds of $255,900. Each FT Unit consists of one FT Common Share and one-half of a Common Share purchase warrant. . All securities issued pursuant to the April Offering were subject to a four-month statutory hold period under Canadian securities laws. In connection with the April Offering, a total of $46,841 was incurred for agents' commissions, transfer agent and legal fees including the issuance of 51,940 broker warrants. These warrants have the same terms as the HD and FT Warrants. This total consideration has been recorded as share issue costs.

b) Reserve for Warrants

From time to time the Company issues warrants as part of equity financings. The fair value of warrants is recognized upon issuance to reserve for warrants, until expiration or exercise.

(i) During the Closing Period, the Company issued 3,351,834 HD Warrants in connection with the April Offering. Each whole HD Warrant entitles the holder to acquire one Common Share at a price of $0.18 for a period of 36 months from the date of closing pursuant to the April Offering. A fair value of $XX was assigned to the HD Warrants.
(ii) Also during the Closing Period, the Company issued a total of 799,687 FT Warrants. Each whole FT Warrant entitles the holder to acquire one Common Share at a price of $0.18 for a period of 36 months from the date of closing. A fair value of $XX was assigned to the FT Warrants.
(iii) Finally, and also during the Closing Period, the Company issued 51,940 broker warrants in connection with the April Offering. These warrants carry the same terms as the HD and FT Warrants and a fair value of $6,361 was assigned to the broker warrants.
(iv) The following is the activity to warrants reserve, during the year ended December 31, 2022, and the six months ended June 30, 2023:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	5,906,754	**$0.46**
Expired	(2,127,194)	(0.28)
Balance, December 31, 2022	3,779,560	0.57
Issued - HD	3,351,834	0.18
Issued – FT	799,687	0.18
Issued - broker	51,940	0.18
Balance, December 31, 2022 and June 30, 2023	**7,983,021**	**$0.36**

The following table reflects the warrants issued and outstanding as at June 30, 2023:

Date of issue	Expiry date	Weighted average exercise price	Number of warrants	Remaining life (years)
July 2, 2021	July 2, 2023	$0.85	20,162	0.005
March 18, 2021	March 18, 2024	$0.57	3,779,560	0.72
April 11, 2023	April 11, 2026	$0.18	3,351,834	2.78
May 24, 2023	May 24, 2026	$0.18	799,687	2.90
May 24, 2023	May 24, 2026	$0.18	51,940	2.90
		$0.36	**7,983,021**	

c) Stock Options

The Company has a stock option plan ("SOP") pursuant to which the Company's Board of Directors may grant incentive stock options to directors, officers, employees, and consultants. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board, in accordance with applicable TSXV or other regulatory requirements, if any, will determine any vesting period assigned therein. There is no minimum vesting period unless the optionee is engaged in investor relation activities. The maximum aggregate number of common shares under option at any time under the SOP cannot exceed 10% of the issued shares. The fair value of the share-based compensation is recognized as contributed surplus upon vesting.

(i) During the six months ended June 30, 2023:
- there were no stock option grants;
- a total of 88,947 stock options were canceled for the unvested options held by consultants no longer working for the Company; and
- a total of $35,222 was recorded as share-based compensation expense for the vesting of stock options previously granted in 2021.

The following summarizes the outstanding stock options at June 30, 2023:

Outstanding options	Options exercisable	Exercise price	Expiry date	Weighted average life (years)
118,421	118,421	$0.57	August 20, 2023	0.14
17,544	17,544	$0.40	November 1, 2024	1.34
508,772	508,772	$0.34	August 28, 2025	2.16
43,860	43,860	$0.46	February 11, 2026	2.62
52,631	52,631	$0.57	February 19, 2026	2.64
1,083,334	1,083,000	$0.71	March 23, 2026	2.73
263,158	175,438	$0.46	August 3, 2026	3.10
131,579	87,719	$0.37	October 28, 2026	3.33
754,877	503,252	$0.43	December 30, 2026	3.50
2,974,176	**2,590,637**	**$0.46**		

The following summarizes the stock options activity during the six months ended June 30, 2023:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2021 and 2022	3,063,123	**$0.51**
Canceled (i)	(88,947)	0.43
Balance, June 30, 2023	**2,974,176**	**$0.46**

9. Related Party Disclosures and Key Management Compensation

Related party transactions

Related parties as defined by IAS 24 - *Related Party Disclosures* include members of the Board of Directors, Key Management Personnel, and any companies controlled by these individuals. Key Management Personnel includes those persons having authority and responsibility for planning, directing, and controlling activities of the Company being directors and executive management, comprising of the Chief Executive Officer and the Chief Financial Officer.

During the six months ended June 30, 2023, and 2022, the Company entered the following transactions with related parties:

a) A corporation controlled by an Executive officer invoiced the Company for $150,000 (2022 - $150,000) for consulting fees.
b) A corporation controlled by an Executive officer/ director invoiced the Company for $41,270 (2022 - $nil) for consulting fees
c) A corporation controlled by an Executive officer invoiced the Company for $37,500 (2022 - $nil) for consulting fees
d) Since February 2021, the Company has retained Grove Corporate Services Ltd. ("Grove") to provide accounting, governance, and administrative services (the "Services"), including those provided by the Chief Financial Officer ("CFO") and Corporate Secretary. Grove charges the Company $9,450 per month plus HST for the services and invoiced the Company for $56,700 (2022 - $51,275), for the Services.

Key Management Compensation Transactions

Compensation for key management personnel of the Company is as follows:

Six months ended June 30,	2023	2022
Management fees [1]	**$348,270**	$213,975
Share-based compensation [2]	**29,628**	43,888
	$377,898	$257,863

[1] Management fees are comprised of consulting fees for executives and key management personnel.
[2] Represents the FV expense of the stock options that vested during the period, to Key Management.

At June 30, 2023, a total of $126,457 (2022 -$98,819) is included in accounts payable for unpaid management and consulting fees and E&E due and owing to Key Management. These transactions were conducted in the normal course of operations on standard commercial terms.

10. Commitments

(i) As at June 30, 2023, the Company has Management contracts with an aggregate base remuneration of $61,950 per month. In addition, certain success/bonus fees may be payable, at the discretion of the Board of Directors. Early termination of the contracts and/or a change of control transaction may result in an additional compensation payout of up to 24 months' base salary fees.

(ii) In order to maintain the Company's property interests and claims in good standing, certain claims fees and/or work expenditures must be incurred. For NSRs related to the Company's properties see note 5.

(iii) The Company has indemnified the subscribers of FT shares in the recent April Offering against any tax-related amounts that become payable by the subscribers as a result of the Company not meeting its spending commitments.

See note 7 – *Deferred Premium Liability on Flow-Through Shares*.

11. Capital Management

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due and to maximize shareholder return. The Company's operations to date have been funded by issuing equity.

As of June 30, 2023, the Company had working capital of $812,532 (December 31, 2022 – 331,891). From April 11, 2023 to May 24, 2023 the Company completed the April Offering for gross proceeds of $1,261,450.

The Company monitors its capital structure and makes adjustments to it according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis. The Company's ability to carry out its planned exploration and acquisition activities is uncertain and dependent upon securing additional financing.

12. Financial Instrument Risk Factors

Financial instruments are exposed to certain financial risks, which may include credit risk, liquidity risk and market risks.

The following disclosures enable users of the consolidated financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting period:

a) Credit risk

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's receivables related to sales taxes have negligible counterparty default risk.

b) Liquidity risk

The Company's liquidity risk is the risk that the Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at June 30, 2023, the Company had a cash and cash equivalent balance of $1,124,050 (December 31, 2022 – $544,478) to settle current accounts payable and accrued liabilities of $437,085 (December 31, 2022 – $307,086.

While the Company has been successful in obtaining the required funding in the past to meet its financial obligations, there is no assurance that future financings will be available.

c) Market risks

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit or loss. This includes:

- Interest rate risk is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risk is the sensitivity of the fair value of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration of its mineral assets, or for the acquisition or disposition of mineral-based assets.
- Currency risk is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that are subject to variable foreign exchange rates and as such the Company is not presently subject to currency risk.