Silver One Resources Inc.

Consolidated Annual Financial Statements

For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Silver One Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Silver One Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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 of the current year. 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.

Assessment of Impairment Indicators of Mineral Properties

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's mineral properties was $36,059,263 as of December 31, 2024. As more fully described in Note 3 to the consolidated financial statements, management assesses its mineral properties for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the Company's mineral properties is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for its mineral properties, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of its mineral properties.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Company's mineral properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching share issuances.
- Assessing the Company's rights to explore its mineral properties including sending a confirmation request to the optionor to ensure good standing of the agreement.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the mineral properties are in good standing.

- *Assessment of Reclamation Obligation*

As described in Note 9 to the consolidated financial statements, the carrying amount of the Company's reclamation obligation was $828,193 as of December 31, 2024. As more fully described in Note 3 to the consolidated financial statements, management recognizes provisions for site closure and reclamation in the period in which the obligation is incurred or acquired and measures it based on expected future cash flows to settle the obligation, discounted to their present value.

The principal considerations for our determination that the assessment of reclamation obligation is a key audit matter are that there was judgment made by management in assessing the nature and extent of future work to be performed, the future cost of performing the work, the timing of when the reclamation will take place and economic assumptions such as the discount and inflation rates applied to the future cash outflows associated with site closure and reclamation activities to bring them to their present value. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining the Company's assessment of their obligations to reclaim disturbed areas and the estimated future cost of that work.
- Assessing the qualifications, competence and objectivity of management's experts who produced the cost estimates.
- Utilizing our internal valuation expert to assess the reasonability of the discount and inflation rates.
- Testing the mathematical accuracy of the reclamation obligation model to support the provision balance.
- Evaluating and testing, on a sample basis, key assumptions used in the reclamation obligation model and recalculating the present value of the obligation.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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 year 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 Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 10, 2025

Silver One Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31 2024	December 31 2023
		$	**$**
Assets			
Current			
Cash		2,732,037	959,557
Short-term investments	**4**	-	278,501
Receivables and prepaid expenditures	**5**	185,514	908,824
Marketable securities	**6**	66,205	143,680
		2,983,756	2,290,562
Non-current			
Mineral properties	**7**	36,059,263	29,936,700
Property and equipment		23,591	40,837
Reclamation deposits	**7**	3,713,797	3,419,898
Total Assets		**42,780,407**	**35,687,997**
Liabilities			
Current			
Accounts payable and accrued liabilities	**8**	353,228	100,917
Non-current			
Reclamation obligation	**9**	828,193	789,551
Total Liabilities		1,181,421	890,468
Shareholders' Equity			
Share capital	**10(b)**	58,608,202	52,408,840
Share-based payment reserve	**10(c)**	5,933,658	5,409,683
Accumulated other comprehensive income		3,283,175	370,096
Accumulated deficit		(26,226,049)	(23,391,090)
		41,598,986	34,797,529
Total Liabilities and Shareholders' Equity		**42,780,407**	**35,687,997**

Nature of operations and going concern – Note 1
Subsequent event – Note 10(d) and 17

APPROVED BY THE DIRECTORS

"Claudia Tornquist" Director *"Barry Girling"* Director

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

Silver One Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024	2023
		$	$
Expenses			
Administrative and office		177,630	140,979
Consulting	**13**	193,012	335,936
Depreciation		19,797	20,910
Director fees	**13**	78,000	78,000
Exploration and evaluation		9,622	20,592
Filing and listing fees		104,242	97,268
Professional fees		139,831	215,813
Salaries and benefits	**13**	280,648	286,460
Share-based payments	**10(c),13**	500,662	615,094
Shareholder communications		359,196	393,382
Travel and related costs		192,739	262,020
Loss before other items		(2,055,379)	(2,466,454)
Interest and other income		64,915	62,844
Foreign exchange gain (loss)		15,471	(64,424)
Loss on marketable securities	**6**	(77,475)	(302,107)
Accretion of reclamation obligation	**9**	(64,991)	-
Finance charge on leases		-	(86)
Income from sublease of office		-	85
Impairment of receivables	**5**	(717,500)	(437,500)
Net loss for the year		(2,834,959)	(3,207,642)
Other comprehensive income (loss) for the year			
Currency translation adjustment		2,913,079	(677,229)
Comprehensive income (loss) for the year		78,120	(3,884,871)
Net loss per share			
Basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding			
Basic and diluted		258,669,867	236,988,081

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

Silver One Resources Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	$	$
Cash (used in) provided by:		
Operating activities		
Net loss for the year	(2,834,959)	(3,207,642)
Depreciation	19,797	20,910
Share-based payments	500,662	615,094
Loss on marketable securities	77,475	302,107
Unrealized foreign exchange	(69,306)	18,825
Accretion of retirement obligation	64,991	-
Interest on long-term receivables	-	(5,944)
Impairment of receivables	717,500	437,500
Changes in working capital items		
Receivables and prepaid expenditures	5,810	14,965
Net investment in sublease	-	12,925
Accounts payable and accrued liabilities	52,061	(2,350)
Deferred rent	-	(720)
	(1,465,969)	(1,794,330)
Investing activities		
Mineral property expenditures	(2,822,774)	(1,831,605)
Cash out (purchase) of short-term investments	278,501	(12,327)
Purchase of reclamation deposit	-	(3,434,160)
	(2,544,273)	(5,278,092)
Financing activities		
Issuance of shares pursuant to private placement	5,907,759	5,000,000
Cash share issuance costs	(154,634)	(7,960)
Proceeds from exercise of options	4,550	-
Repayment of lease obligation	-	(13,079)
	5,757,675	4,978,961
Effect of foreign exchange on cash	25,047	(12,470)
Increase (decrease) in cash	1,772,480	(2,105,931)
Cash - beginning of year	959,557	3,065,488
Cash - end of year	2,732,037	959,557

Supplemental cash flow information – Note 14

Silver One Resources Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - expressed in Canadian dollars)

	Number of common shares	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
		$	$	$	$	$
Balance, December 31, 2022	217,717,207	46,659,300	4,794,589	1,047,325	(20,183,448)	32,317,766
Shares issued from private placement	23,809,524	5,000,000	-	-	-	5,000,000
Less: Share issue costs	-	(7,960)	-	-	-	(7,960)
Share-based payments	-	-	615,094	-	-	615,094
Shares issued on Silver Phoenix option agreement	3,000,000	675,000	-	-	-	675,000
Shares issued on Candelaria agreement	250,000	82,500	-	-	-	82,500
Net loss for the year	-	-	-	-	(3,207,642)	(3, 207,642)
Cumulative translation adjustment	-	-	-	(677,229)	-	(677,229)
Balance, December 31, 2023	**244,776,731**	**52,408,840**	**5,409,683**	**370,096**	**(23,391,090)**	**34,797,529**
Shares issued from private placement	21,099,138	5,907,759	-	-	-	5,907,759
Less: Share issue costs	-	(181,633)	26,999	-	-	(154,634)
Share-based payments	-	-	500,662	-	-	500,662
Shares issued on Silver Phoenix option agreement	3,000,000	465,000	-	-	-	465,000
Exercise of options	17,500	8,236	(3,686)	-	-	4,550
Net loss for the year	-	-	-	-	(2,834,959)	(2,834,959)
Cumulative translation adjustment	-	-	-	2,913,079	-	2,913,079
Balance, December 31, 2024	**268,893,369**	**58,608,202**	**5,933,658**	**3,283,175**	**(26,226,049)**	**41,598,986**

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

1. Nature of operations and going concern

Silver One Resources Inc. (the "Company" or "Silver One") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2007.

The Company's principal activities include the acquisition, exploration and development of mineral properties. The Company owns a 100% interest in the Candelaria silver project in Nevada (the "Candelaria Project" or "Candelaria"), a 100% interest in the Phoenix Silver property in Arizona ("Phoenix Silver Property" or "Phoenix Silver"), and a 100% interest in the Cherokee project in Nevada ("Cherokee Project" or "Cherokee").

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at December 31, 2024, the Company had an accumulated deficit of $26,226,049, and expects to incur further losses in the development of the business. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependant on its ability to obtain necessary financing to meet its corporate and deferred exploration expenditures and discharge its liabilities in the normal course of business. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company has adequate financial resources for the next twelve months with working capital of $2,630,528.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to carrying values and the classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Silver One is a public company listed on the TSX Venture Exchange ("TSX-V") under the symbol "SVE", on the OTCQX Marketplace under the symbol "SLVRF", and on the Frankfurt Stock Exchange under the symbol "BRK1".

The Company's corporate office is located at Suite 1000, 1055 W Hastings St., Vancouver, BC Canada, V6E 2E9.

2. Basis of preparation

Statement of compliance and functional currency

These consolidated financial statements have been presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB'), effective for the Company's reporting for the year ended December 31, 2024.

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on March 10, 2025.

Basis of measurement

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

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entity. The functional currency of the Company's foreign subsidiary is US dollars.

2. Basis of preparation (continued)

Statement of compliance and functional currency (continued)

Functional and presentation currency (continued)

The functional currency of an entity is translated into the presentation currency using the period-end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income (loss).

Transactions in currencies other than the functional currency of an entity are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Basis of consolidation

The Company's subsidiary as at December 31, 2024 is as follows:

Name	Place of Incorporation	Ownership Percentage
Silver One Resources (USA) Inc.	USA	100%

3. Material accounting policies

These consolidated financial statements have been prepared using the following material accounting policies:

Financial assets and liabilities

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and 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 debt instruments is driven by the Company's business model for managing the financial assets and their 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 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.

b) Measurement

Financial assets at FVTOCI
Elected investments in equity instruments 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.

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

b) Measurement (continued)

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).

c) 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 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 the consolidated statements of loss and comprehensive 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.

d) Derecognition

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 the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

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

Mineral properties

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage. 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 'mines under construction'.

3. Material accounting policies (continued)

Impairment of non-financial assets

Non-financial assets, including mineral properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount. An impairment loss is charged to profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units" or "CGU"s). These are typically the individual properties or projects.

Reclamation obligation

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset. These costs are depreciated on a basis consistent with the depreciation, depletion, and amortization of the underlying assets.

The obligation is accreted over time for the change in its present value, with this accretion charge recognized as a finance expense in the consolidated statements of loss and comprehensive loss. Additional environment disturbances or changes in reclamation costs will be recognized as additions to the corresponding assets and reclamation provision in the year in which they occur.

Share-based payments

Common shares issued for non-monetary consideration are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for share-based payments cannot be reliably estimated, the value is measured by reference to the trading price of the Company's shares on the TSX-V on the date of the agreement to issue the shares. If market prices are not available, fair value is measured by use of a valuation model. The Company has a stock option plan (Note 10(c)), whereby stock options are granted in accordance with the policies of regulatory authorities.

The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to share-based payment reserve. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in share-based payment reserve, is recorded as an increase to share capital.

3. Material accounting policies (continued)

Share capital
The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly related to the issue of new shares or options are shown in equity as a deduction from the proceeds. For equity offerings of units consisting of a common share and warrant, when both instruments are classified as equity, the Company does not bifurcate the proceeds between the common share and the other equity instruments.

Income taxes
Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. No potential income tax assets of the Company have been recognized.

Loss per share
Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. Basic and diluted loss per share are the same for the periods presented. The Company uses the treasury stock method of calculating fully diluted loss per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

Segment reporting
The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management, collectively the chief operating decision maker, in assessing performance and in determining the allocation of resources.

Critical judgments in applying accounting policies
The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

a) Functional currency
The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgments to determine the primary economic environment of an entity and this is re-evaluated for each new entity following an acquisition, or if events and conditions change.

b) Impairment of mineral properties
Expenditures on mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment

3. Material accounting policies (continued)

Critical judgments in applying accounting policies (continued)

b) Impairment of mineral properties (continued)
indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

c) Impairment of financial assets
The expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the available information.

d) Determining amount and timing of rehabilitation costs
Management must determine if estimates of the future costs the Company will incur to complete the rehabilitation work is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the consolidated statements of financial position that no material rehabilitation provisions were required under IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*.

e) Going concern
In preparing these consolidated financial statements on a going concern basis, as is disclosed in Note 1 of these consolidated financial statements, management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Key sources of estimation uncertainty
The preparation of consolidated financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

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:

a) Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

3. Material accounting policies (continued)

Key sources of estimation uncertainty (continued)

b) Share-based payments
Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the consolidated statements of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

c) Impairment of mineral properties
The Company applies significant estimates when performing impairment tests on mineral properties. Should these estimates prove to be incorrect, this could result in material differences in the Company's impairment testing and conclusions reached therein.

d) Impairment of financial assets
The expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses forward-looking estimates to input into the impairment calculation.

Accounting standards adopted during the year
In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Noncurrent Liabilities with Covenants*. These amendments increase the disclosure required to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. These amendments did not have a material effect on our consolidated financial statements.

Accounting standards issued but not yet effective
The following new standard has been issued but not yet applied:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure of Financial Statements* ("IFRS 18"), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. We are currently assessing the effect of this new standard on our financial statements.

As at December 31, 2024, there are no other IFRS or IFRIC interpretations with future effective dates that are expected to have a material impact on the Company.

(Expressed in Canadian dollars)

4. Short-term investments

Short-term investments of $nil (December 31, 2023 - $278,501) include highly liquid money market funds in an active market with original maturities of one year or less.

5. Receivables and prepaid expenditures

	December 31 2024	December 31 2023
	$	$
GST receivable	5,904	5,209
Short-term receivable from sale of KCP[1]	95,000	812,500
Prepaid expenditures [2]	84,610	91,115
	185,514	908,824

[1] Short-term receivable from sale of KCP includes an amount owing as described below plus an expected credit loss applied of $717,500 (2023 – $437,500)
[2] Prepaid expenditures primarily include amounts in connection with insurance, investor relations conferences and marketing activities.

Short-term receivable from sale of KCP
On March 3, 2021, the Company completed the sale of its subsidiary, KCP Minerals Inc. (“KCP”), which through its 100% interest in Minera Terra Plata S.A. de C.V. held the Company’s three Mexican silver exploration projects to Lodestar Battery Metals Corp. (“Lodestar”) (the “KCP Purchase Agreement”).

Under the terms of the KCP Purchase Agreement, the Company transferred to Lodestar its 100% interest in KCP and, in consideration, Lodestar will pay in cash and shares as follows: (a) $1,250,000 in cash upon closing (received); (b) issue 4,375,000 common shares of Lodestar to the Company (issued); (c) pay $750,000 in cash 18 months after closing; and (d) pay $500,000 in cash 24 months after closing (as at the date of filing both of these amounts are in arrears).The common shares received were subject to an escrow release schedule where 10% of shares were released on April 6, 2021 and 15% every 6 months thereafter for a period of 36 months until April 6, 2024.

The $750,000 to be received 18 months from the date of sale and the $500,000 to be received 24 months from the date of sale were initially recorded as long-term receivables. The amount was discounted to its present value using a borrowing rate of 8% and at December 31, 2024 was $1,250,000 (December 31, 2023 - $1,250,000). As at December 31, 2024 and December 31, 2023, the entire amount was included in current assets.

The Company assesses annually the expected credit losses associated with its accounts receivable balances. The impairment methodology applied depends on whether there has been a significant increase in credit risk. As at December 31, 2024, given the credit risk determined to be present, the Company applied an expected credit loss against the outstanding balance of $1,155,000 (December 31, 2023 - $437,500).

6. Marketable securities

	December 31 2024	December 31 2023
	$	$
Beginning balance	143,680	445,787
Unrealized loss on marketable securities	(77,475)	(302,107)
	66,205	143,680

Marketable securities includes 4,375,000 common shares of Lodestar received as part of the KCP Purchase Agreement (note 5) as well as 414,331 shares of Hello Pal International that were received as shares-for-debt in 2020.

(Expressed in Canadian dollars)

7. Mineral properties

	Balance December 31 2024	Additions December 31 2024	Balance December 31 2023	Additions December 31 2023	Balance December 31 2022
	$	$	$	$	$
Candelaria					
Option payments – shares	3,831,678	-	3,831,678	-	3,831,678
Acquisition costs – shares	467,072	-	467,072	82,500	384,572
Acquisition costs – cash	115,150	-	115,150	-	115,150
Consulting fees	4,019,623	263,546	3,756,077	430,760	3,325,317
Drilling	7,332,365	-	7,332,365	-	7,332,365
Field supplies and other costs	562,740	55,835	506,905	61,303	445,602
Laboratory and analysis fees	2,509,084	473,686	2,035,398	322,117	1,713,281
Land payments	2,099,514	360,495	1,739,019	312,785	1,426,234
Staking and survey costs	211,474	-	211,474	-	211,474
Travel and accommodation	1,018,834	41,627	977,207	74,617	902,590
Reclamation obligation	694,823	(94,728)	789,551	789,551	-
Currency translation	2,545,955	1,973,446	572,509	(478,397)	1,050,906
	25,408,312	3,073,907	22,334,405	1,595,236	20,739,169
Phoenix Silver					
Acquisition costs - cash	487,609	-	487,609	-	487,609
Acquisition costs - shares	3,222,500	465,000	2,757,500	675,000	2,082,500
Consulting fees	1,003,816	489,608	514,208	70,378	443,830
Drilling	590,702	590,702	-	-	-
Equipment rental	180,898	180,898	-	-	-
Field supplies and other costs	61,804	55,178	6,626	197	6,429
Laboratory and analysis fees	28,033	11,247	16,786	5,765	11,021
Land payments	749,251	221,969	527,282	224,161	303,121
Staking and survey costs	178,348	16,865	161,483	61,619	99,864
Travel and accommodation	67,131	47,723	19,408	7,608	11,800
Currency translation	554,423	483,969	70,454	(102,276)	172,730
	7,124,515	2,563,159	4,561,356	942,452	3,618,904
Cherokee					
Consulting fees	804,236	40,316	763,920	3,148	760,772
Drilling	439,312	-	439,312	-	439,312
Field supplies and other costs	75,832	2,633	73,199	622	72,577
Laboratory and analysis fees	133,917	-	133,917	-	133,917
Land payments	1,412,913	169,859	1,243,054	138,338	1,104,716
Staking and survey costs	125,450	-	125,450	-	125,450
Travel and accommodation	187,050	837	186,213	805	185,408
Currency translation	347,726	271,852	75,874	(67,010)	142,884
	3,526,436	485,497	3,040,939	75,903	2,965,036
Total	**36,059,263**	**6,122,563**	**29,936,700**	**2,613,591**	**27,323,109**

7. Mineral properties (continued)

Candelaria Option Agreement

On January 16, 2017, the Company entered into an option agreement (the "Option Agreement") with a subsidiary of SSR Mining Inc. ("SSR"), to acquire a 100% interest in the Candelaria silver project (the "Candelaria Project or "Candelaria") located in Nevada, USA.

In order to exercise the option, the Company was required to:

- issue US$1,000,000 in shares to SSR on the date that the parties satisfy the conditions to the Agreement, including obtaining final approval of the TSX-V (the "Effective Date") (paid);
- issue an additional US$1,000,000 in shares on each of the three anniversaries of the Effective Date (first and second year anniversary payments paid); and
- assume the US$2,000,000 reclamation bond on the property immediately prior to exercise of the option (assumed with value of US$2,491,757).

Upon satisfying the terms set forth above, the Company would earn a 100% interest in the property subject to a 3% net smelter returns royalty payable to Teck Resources USA on production from a certain claims group of the property and a charge of $0.01 per ton payable for waste rock dumped on certain claims.

The Company issued 1,332,900 common shares at a fair value price of $1.00 per share to satisfy the initial option payment of US$1,000,000, the Company issued 2,828,636 common shares at a fair value of $0.44 per share in order to satisfy the first anniversary payment of US$1,000,000, and the Company issued 5,827,338 common shares at a fair value of $0.215 to satisfy the second anniversary payment of US$1,000,000. It was further obligated to issue an additional US$1,000,000 worth of Silver One shares in January 2020. However, Silver One entered into an agreement with SSR and Maverix Metals Inc. ("Maverix") whereby:

1. Silver One will assume a Production Payment obligation by SSR to Maverix (formerly to Kinross). For this, SSR agreed to relinquish the option payment of US$1,000,000 in shares of Silver One and instead received US$100,000 in units of Silver One (issued). This agreement obliges Silver One to assume the obligation to pay Maverix US$1,000,000 upon Candelaria achieving commercial production of not less than 2,500,000 ounces of silver per annum (the "Production Payment").

2. In consideration of Maverix agreeing to Silver One's assumption of the Production Payment, Maverix will receive US$100,000 in units of Silver One.

3. Maverix has agreed to amend the Production Payment so that Silver One may satisfy it with US$500,000 cash and $500,000 in shares of Silver One on the first anniversary after commencement of commercial production at Candelaria.

Each unit is comprised of one share of Silver One and one-half of one share purchase warrant (each a "Warrant") with each whole Warrant entitling the holder to purchase one additional share at a price of $0.40 per share for a period of three years.

On July 25, 2019, the Company amended the Candelaria Option Agreement ("Amended Agreement"). The Amended Agreement deferred the assumption of the bond obligation by the Company until January 2023. In December 2022, the Amended Agreement was further amended to extend the assumption of the bond obligation by Silver One by an additional sixty days, and in April 2023, the parties extended the period for the assumption of the bond obligation by Silver One until May 28, 2023. The Company issued 250,000 common shares to SSR for the amendment of the Candelaria Option agreement to extend the option end date.

7. Mineral properties (continued)

During the year ended December 31, 2023, the Company assumed the reclamation bond of US$2,491,757 and on May 31, 2023, the Company acquired a 100% interest in Candelaria without a royalty payable to SSR. As at December 31, 2024, the reclamation bond is recognized on the statement of financial position at $3,713,797 (December 31, 2023 - $3,419,898).

Additional Candelaria claims acquired
In March 2018, the Company entered into an agreement to acquire 10 non-patented mineral claims located along the eastern structural projection of the Candelaria mineralized system. These claims are located immediately east of the former producing Mount Diablo open pit. Silver One has acquired these claims for the consideration of US$10,000 plus the issuance of 38,235 common shares at a fair value of $0.34 per share (total of US$10,000).

In November 2019, the Company acquired an additional three patented claims, located within the Company's claims. Consideration for these patents consisted of US$75,000 cash (paid) and US$5,000 in shares (issued), subject to a 2% NSR that can be purchased for US$50,000 plus US$5,000 in Silver One's shares issued at market price on the date of the issuance.

Phoenix Silver Acquisition
On February 4, 2020 (the "Effective Date"), the Company entered into an agreement (the "Phoenix Silver Agreement") with Granite-Solid LLC (the "Optionor") whereby the Company has the option to acquire a 100% interest in the Phoenix Silver Property. The Phoenix Silver Property consists of 86 unpatented lode claims and 2 unpatented placer claims, located in Gila County, Arizona.

The Company may exercise the option by making the following cash payments and share issuances:

- paying the Optionor US$350,000 within five days of TSX-V acceptance of the Phoenix Silver Agreement (the "Effective Date") (paid); and
- issuing the Optionor: (i) 500,000 shares on the date that is six (6) months from the Effective Date (issued); (ii) 1,000,000 shares on the date that is twelve months from the Effective Date (issued); (iii) 2,500,000 shares on the date that is twenty-four months from the Effective Date (issued); (iv) 3,000,000 shares on the date that is thirty-six months from the Effective Date (issued); and (v) 3,000,000 shares on the date that is forty-eight months from the Effective Date (issued).

The Phoenix Silver Agreement is subject to a five-mile area of interest. Further, after two years of the Effective Date, Silver One has the right to require the Optionor to include other unpatented placer claims under this Phoenix Silver Agreement for no additional consideration.

The Phoenix Silver Property is subject to an underlying 2% Net Smelter Royalty ("NSR") to the original prospectors of the project. Each 1% NSR may be purchased for US$500,000 resulting in a total of US$1,000,000 for the entire underlying NSR.

On February 6, 2024, the Company exercised its option to acquire a 100% interest in the Phoenix Silver Project.

Signing of lease/purchase agreement on five patented claims at the Cherokee Project
In July 2018, the Company entered into a lease/purchase agreement with Castelton Park LLC ("Castelton") of Sparks, Nevada to acquire five patented claims at its Cherokee Project. These patents lie within the Company's Cherokee claim holdings in Lincoln County located in eastern Nevada.

The terms of the Lease/Purchase Agreement include three payments over a 2-year lease, consisting of a payment for US$23,125 upon execution of the agreement (paid), US$34,688 on the first anniversary (paid) and US$24,687 on the second anniversary (paid). This provides Silver One with a 100% interest in all patented claims. Castelton will also receive a payment of US$100,000 for every 7.5 million silver equivalent ounces of mineral resources calculated on the property, subject to a maximum of US$1,000,000.

(Expressed in Canadian dollars)

8. Accounts payable and accrued liabilities

	December 31 2024	December 31 2023
	$	$
Accounts payable	309,228	52,573
Accrued liabilities	44,000	48,344
	353,228	100,917

Accounts payable include amounts owing for consulting, exploration, and general corporate expenditures. Accrued liabilities include an accrual of audit fees and other administrative expenses.

9. Reclamation obligation

The reclamation obligation is related to the Candelaria Project and is estimated based upon the present value of expected cash flows using estimates of inflation and risk-free discount rate. The undiscounted amount of cash flows required to settle the reclamation obligation was estimated at US$2,491,757 as at December 31, 2024 (December 31, 2023 – US$2,491,757).

The key assumptions on which the provision estimates were based on for the years ended December 31, 2024 and 2023 were:

- Expected timing of the cash flows between 2047-2051 based on the expected life of the Candelaria Project
- An inflation rate of 2.00% (2023: 2.00%)
- A discount rate of 8.37% (2023: 7.96%)

The following table provides a summary of changes in the reclamation obligation:

	Reclamation Obligation
	$
Balance as at December 31, 2022	-
Assumption of bond	789,551
Balance as at December 31, 2023	789,551
Accretion of reclamation obligation	64,991
Change in estimation	(94,728)
Foreign exchange adjustment	68,379
Balance as at December 31, 2024	828,193

10. Share capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Common shares: 268,893,369 (December 31, 2023 – 244,776,731).

(Expressed in Canadian dollars)

10. Share capital (continued)

b) Shares issued (continued)

During the year ended December 31, 2024, the Company:

- Issued 21,099,138 units of the Company (the "Units") in a non-brokered private placement financing at a price of $0.28 per Unit for aggregate gross proceeds of $5,907,759. Each Unit is comprised of one common share ("Share") and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one additional common share at $0.40 per Share for a period of three years from the date of issue;
- Issued 17,500 common shares for the exercise of options in the amount of $4,550. A value of $3,686 was transferred from the share-based payment reserve to share capital as a result; and
- Issued 3,000,000 common shares valued at $465,000 pursuant to the Phoenix Silver Agreement (Note 7).

During the year ended December 31, 2023, the Company:

- Issued 23,809,524 common shares of the Company in a non-brokered private placement financing at a price of $0.21 per share for aggregate gross proceeds of $5,000,000;
- Issued 3,000,000 common shares valued at $675,000 pursuant to the Phoenix Silver Agreement (Note 7); and
- Issued 250,000 common shares as consideration for extending the Candelaria Option Agreement (Note 7).

c) Options

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

The vesting provisions of all options are the following: 25% - 6 months from the grant date, 35% - 1 year from the grant date, and 40% - 1.5 years from the grant date.

The Company's share options outstanding as at December 31, 2024 and 2023 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2022	12,108,500	0.52
Granted – March 13, 2023	150,000	0.30
Granted – July 27, 2023	1,995,000	0.40
Granted – October 15, 2023	200,000	0.25
Forfeited	(150,000)	0.30
Expired	(1,235,500)	0.40
Balance as at December 31, 2023	13,068,000	0.51
Granted – August 12, 2024	3,705,000	0.24
Exercised	(17,500)	(0.26)
Expired	(2,090,500)	(0.26)
Balance as at December 31, 2024	14,665,000	0.47

(Expressed in Canadian dollars)

10. Share capital (continued)

c) Options (continued)

The total share-based payment expense recorded during the year ended December 31, 2024 was $500,662 (December 31, 2023 - $615,094).

The following table summarizes information about the share options as at December 31, 2024:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Number of options exercisable	Expiry date
$0.70	2,575,000	0.74	2,575,000	September 28, 2025
$0.65	100,000	1.08	100,000	January 28, 2026
$0.67	100,000	1.19	100,000	March 9, 2026
$0.75	50,000	1.31	50,000	April 23, 2026
$0.75	2,950,000	1.43	2,950,000	June 6, 2026
$0.45	100,000	2.05	100,000	January 20, 2027
$0.45	300,000	2.32	300,000	April 26, 2027
$0.33	2,590,000	2.65	2,590,000	August 25, 2027
$0.40	1,995,000	3.57	1,197,000	July 27, 2028
$0.25	200,000	3.79	200,000	October 15, 2028
$0.24	3,705,000	4.62	-	August 12, 2029

The fair value of options recognized in the year has been estimated using the Black-Scholes Pricing Model with the following assumptions on the grant date of the options:

Issue date	Expected Option life (years)	Risk-free interest rate	Dividend yield	Expected volatility[1]	Weighted average fair value
March 13, 2023	5.00	2.82%	Nil	89%	$0.19
July 27, 2023	5.00	3.88%	Nil	89%	$0.25
October 15, 2023	5.00	4.28%	Nil	89%	$0.16
August 12, 2024	5.00	2.93%	Nil	83%	$0.14

Note 1: The volatility used is the Company's own share volatility for a period equal to the life of the options.

d) Warrants

The Company's warrants outstanding as at December 31, 2024 and 2023 and the changes for the years then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2022	19,163,829	0.53
Expired	(675,160)	0.45
Balance as at December 31, 2023	18,488,669	0.54
Issued – June 20, 2024	10,549,570	0.40
Issued – June 20, 2024[1]	237,006	0.40
Balance as at December 31, 2024	29,275,245	0.49

Note 1: These were issued as finders' warrants in the June 2024 private placement

(Expressed in Canadian dollars)

10. Share capital (continued)

d) Warrants (continued)

The balance of warrants outstanding as at December 31, 2024 is as follows:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding
January 13, 2025	0.40	0.04	4,576,000
January 17, 2025	0.40	0.05	3,721,000
July 14, 2025	0.65	0.53	10,191,669
June 20, 2027	0.40	2.47	10,786,576

During the year ended December 31, 2024, the Company extended the warrant life of the 4,576,000 warrants with an expiry date of January 13, 2024 to January 13, 2025, extended the warrant life of the 3,721,000 warrants with an expiry date of January 17, 2024 to January 17, 2025, and extended the warrant life of the 10,191,669 warrants with an expiry date of July 14, 2024 to July 14, 2025. Subsequent to December 31, 2024, 8,297,000 warrants expired unexercised.

The fair value of finders' warrants recognized in the year has been estimated using the Black-Scholes Pricing Model with the following assumptions on the grant date of the warrants:

Issue date	Expected Warrant life	Risk-free interest rate	Dividend yield	Expected volatility[1]	Weighted average fair value
June 20, 2024	3.00	3.53%	Nil	73%	$0.11

Note 1: The volatility used is the Company's own share volatility for a period equal to the life of the warrants.

11. Segment information

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets within the USA. All non-current assets are located within this operating segment.

12. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2024	2023
	$	$
Loss for the year before income tax recovery	(2,834,959)	(3,207,642)
Average statutory rate	27.00%	27.00%
Recovery of income taxes based on statutory rates	(765,000)	(866,000)
Increase (decrease) in income tax recovery resulting from:		
Change in statutory, foreign tax rate, foreign exchange rates and other	13,000	8,000
Share issuance cost	(42,000)	(2,000)
True-up of opening temporary differences	45,000	2,000
Other non-deductible expenses	342,000	324,000
Change in non-recognized deferred tax assets	407,000	534,000
Income tax recovery	-	-

(Expressed in Canadian dollars)

12. Income taxes (continued)

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at December 31, 2024 and 2023, the Company has not recognized the benefit of the following deductible temporary differences:

	December 31 2024	December 31 2023
	$	$
Deferred tax assets		
Losses carried forward	3,615,000	3,214,000
Allowable capital losses	178,000	178,000
Mineral properties	7,000	7,000
Marketable securities	473,000	462,000
Asset retirement obligation	105,000	129,000
Equipment	2,000	2,000
Undeducted financing costs and other	35,000	16,000
Unrecognized deferred tax assets	(4,415,000)	(4,008,000)
Total deferred tax assets	-	-

As at December 31, 2024, the Company has estimated non-capital losses for Canadian income tax purposes of $13,389,000 (2023: $11,902,000) that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses expire from 2026-2044 (2023: 2026-2043).

As at December 31, 2024, the Company's United States subsidiary had approximately $9,856,000 (2023: $7,840,000) in losses that do not expire.

13. Related party transactions

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. The Company incurred the following charges during the years ended December 31, 2024 and 2023:

	2024	2023
	$	$
Consulting fees	274,500	252,000
Director fees	78,000	78,000
Salaries and benefits	280,474	282,883
Share-based payments	315,235	326,350

Consulting fees include amounts paid to Amezquita Management Inc., a company of which the CFO is President, as well as amounts paid to Raul Diaz, a director of the Company, for geological consulting services. Included in the amounts above is $178,462 in consulting fees for the year ended December 31, 2023 that was capitalized to mineral properties (2023: $181,010).

Director fees were paid to the directors of the Company.

Salaries and benefits include amounts paid to Greg Crowe, President and Chief Executive Officer of the Company.

Share-based payments include options granted to officers and directors.

13. Related party transactions (continued)

As at December 31, 2024, directors, officers or their related companies were owed $6,300 (December 31, 2023 - $3,675) in respect of services. The amounts due to related parties are included in accounts payable.

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

14. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. The following transactions were excluded from the consolidated statement of cash flows:

During the year ended December 31, 2024:

- The issuance of 237,006 finders' warrants valued at $26,999 as part of the finders' fees paid in the June 20, 2024 private placement;
- The issuance of 3,000,000 common shares valued at $465,000 pursuant to the Phoenix Silver Agreement (Note 7);
- The change in estimate of the reclamation obligation of $94,728 capitalized to mineral properties (Note 7); and
- Movement of $200,247 in mineral property exploration expenditures in accounts payable and accrued liabilities.

During the year ended December 31, 2023:

- The issuance of 3,000,000 common shares valued at $675,000 pursuant to the Phoenix Silver Agreement (Note 7);
- The issuance of 250,000 common shares valued at $82,500 as consideration for extending the Candelaria Option Agreement (Note 7);
- The assumption of the reclamation obligation of $789,551 capitalized to mineral properties (Note 7); and
- Movement of $117,382 in mineral property exploration expenditures in accounts payable and accrued liabilities.

The Company paid or accrued $nil for income taxes during the year ended December 31, 2024 (2023: $nil).

15. Financial instruments

Classification of financial instruments

The Company's financial instruments consist of cash, short-term investments, receivables, reclamation deposits, marketable securities, and accounts payable and accrued liabilities. The Company classifies its cash, short-term investments, receivables and reclamation deposits as financial assets at amortized cost. The Company classifies its accounts payable and accrued liabilities as financial liabilities at amortized cost. The Company classifies its marketable securities as FVTPL.

(Expressed in Canadian dollars)

15. Financial instruments (continued)

Classification of financial instruments (continued)

The classification of the financial instruments as well as their carrying values as at December 31, 2024 and 2023 is shown in the table below.

At December 31, 2024	FVTPL (Financial Assets)	Amortized cost (Financial Assets)	Amortized cost (Financial Liabilities)	Total
	$	$	$	$
Financial assets				
Cash	-	2,732,037	-	2,732,037
Receivables	-	95,000	-	95,000
Reclamation deposits	-	3,713,797	-	3,713,797
Marketable securities	66,205	-	-	66,205
Total financial assets	66,205	6,540,834	-	6,607,039
Financial liabilities				
Accounts payable and accrued liabilities	-	-	353,228	353,228
Total financial liabilities	-	-	353,228	353,228

Note that the fair values approximate the carrying values due to their short-term nature.

At December 31, 2023	FVTPL (Financial Assets)	Amortized cost (Financial Assets)	Amortized cost (Financial Liabilities)	Total
	$	$	$	$
Financial assets				
Cash	-	959,557	-	959,557
Short-term investments	-	278,501	-	278,501
Receivables	-	812,500	-	812,500
Reclamation deposits	-	3,419,898	-	3,419,898
Marketable securities	143,680	-	-	143,680
Total financial assets	143,680	5,470,456	-	5,614,136
Financial liabilities				
Accounts payable and accrued liabilities	-	-	100,917	100,917
Total financial liabilities	-	-	100,917	100,917

Note that the fair values approximate the carrying values due to their short-term nature.

Fair value

Financial instrument disclosures establish a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company primarily applies the market approach for recurring fair value measurements. This section describes three input levels that may be used to measure fair value:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide information on an ongoing basis.

Level 2 – quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

15. Financial instruments (continued)

Fair value (continued)

The fair value of cash, short-term investments, receivables, reclamation deposits and accounts payable and accrued liabilities approximates their carrying values. Marketable securities are measured at fair value using level 1 inputs.

Financial instruments risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

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

a) Foreign currency risk
The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the US and a portion of the Company's expenses are incurred in Canadian dollars ("CAD") and US dollars ("USD"). A significant change in the currency exchange rates between the Canadian and US dollar, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at December 31, 2024, the Company is exposed to currency risk on the following financial assets and liabilities denominated in USD. The sensitivity of the Company's net earnings due to changes in the exchange rate between the USD against the Canadian dollar is included in the table below in Canadian dollar equivalents:

	USD amount	Total
	$	**$**
Cash	162,550	162,550
Accounts payable and accrued liabilities	(278,790)	(278,790)
Net exposure	(116,240)	(116,240)
Effect of +/- 10% change in currency	(11,624)	

b) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. The Company considers this risk to be immaterial.

c) Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions as well as from outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company considers credit risk with respect to its cash to be immaterial as cash is mainly held through large Canadian financial institutions. The credit risk with respect to accounts receivable is subject to the expected credit loss model where any identified impairment loss is applied. During the years ended December 31, 2024 and 2023, the Company recognized a credit loss on its short-term receivable from the sale of KCP (Note 5).

15. Financial Instruments (continued)

Financial instruments risk management (continued)

d) Liquidity risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. Accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

16. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of and retention of its mineral properties. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

The Company does not have a source of revenue. As such, the Company is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended December 31, 2024.

17. Subsequent event

Subsequent to December 31, 2024, 8,297,000 warrants expired unexercised (Note 10(d)).