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# **NEVADA SILVER CORPORATION**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021  
(Unaudited – Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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**NEVADA SILVER CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Expressed in Canadian Dollars)

As at	Note	September 30, 2022 \$	December 31, 2021 \$
<b>ASSETS</b>			
Current assets			
Cash		212,011	301,568
Receivables		72,358	29,005
Prepaid expenses		91,644	73,439
		376,013	404,012
Exploration and evaluation assets	<b>7</b>	8,447,904	6,428,291
Equipment		7,358	1,848
Reclamation bonds		127,951	-
Total assets		8,959,226	6,834,151
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	<b>10</b>	1,197,907	804,731
Loans from related parties	<b>8</b>	192,723	240,234
		1,390,630	1,044,965
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	<b>9</b>	13,158,869	11,132,159
Share-based payments reserve	<b>9</b>	678,602	600,142
Foreign currency translation reserve		331,199	(41,397)
Deficit		(7,614,368)	(5,901,718)
Total shareholder's equity		6,554,302	5,789,186
Non-controlling interest	<b>11</b>	1,014,294	-
		7,568,596	5,789,186
Total liabilities and shareholders' equity		8,959,226	6,834,151

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on November 28, 2022

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"Gary Lewis" Director

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"John Kutkevicius" Director

**NEVADA SILVER CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three and nine months ended September 30, 2022 and 2021  
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>EXPENSES</b>					
Consulting fees	10	77,004	22,003	214,672	118,491
Directors fees	10	24,000	142,834	96,000	450,634
Exploration and evaluation costs (recovery)		-	(1,208)	3,799	-
Filing fees		11,223	12,169	43,477	62,524
Interest and bank charges	8	2,615	5,018	11,595	17,011
Depreciation		440	-	1,050	-
Marketing		115,136	21,358	341,074	59,736
Office expenses		25,010	15,203	62,047	76,878
Rent		6,254	6,414	20,451	23,851
Professional fees	10	121,638	26,598	493,738	825,762
Salary and benefits		57,373	-	165,545	-
Share-based compensation	9	-	124,226	78,460	423,690
Travel		71,335	35,422	181,102	40,325
<b>LOSS BEFORE OTHER INCOME (EXPENSE)</b>		<b>(512,028)</b>	<b>(410,037)</b>	<b>(1,713,010)</b>	<b>(2,098,902)</b>
<b>OTHER INCOME (EXPENSE)</b>					
Foreign exchange gain (loss)		4,125	(5,462)	(2,368)	(16,858)
Interest income		-	1,241	-	3,019
Listing expense	4	-	-	-	(1,879,404)
<b>NET LOSS FOR THE PERIOD</b>		<b>(507,903)</b>	<b>(414,258)</b>	<b>(1,715,378)</b>	<b>(3,992,145)</b>
<b>OTHER COMPREHENSIVE INCOME ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO LOSS:</b>					
Exchange difference on translation of foreign operations		308,413	(28,258)	372,596	74,371
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(199,490)</b>	<b>(442,516)</b>	<b>(1,342,782)</b>	<b>(3,917,774)</b>
<b>NET LOSS ATTRIBUTABLE TO:</b>					
Shareholders of the Company		(505,175)	(414,258)	(1,712,650)	(3,992,145)
Non-controlling interest		(2,728)	-	(2,728)	-
		(507,903)	(414,258)	(1,715,378)	(3,992,145)
<b>COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>					
Shareholders of the Company		(196,762)	(442,516)	(1,340,054)	(3,917,774)
Non-controlling interest		(2,728)	-	(2,728)	-
		(199,490)	(442,516)	(1,342,782)	(3,917,774)
<b>NET LOSS PER SHARE – BASIC AND DILUTED</b>		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.07)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>					
		72,781,943	65,943,193	67,513,791	56,299,759

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

	Note	Number of Shares #	Share Capital \$	Share-based payments reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Non-controlling Interest \$	Total \$
Balance, December 31, 2020		43,820,020	4,064,317	-	(70,295)	(1,327,633)	-	2,666,389
Shares issued for reverse takeover	4	6,171,250	2,036,513	-	-	-	-	2,036,513
Shares issued pursuant to private placement	9	15,301,923	5,049,635	-	-	-	-	5,049,635
Share issuance costs	9	-	(264,064)	32,022	-	-	-	(232,042)
Shares issued for services	9, 10	650,000	214,500	-	-	-	-	214,500
Share-based compensation	9	-	-	423,690	-	-	-	423,690
Net and comprehensive loss for the period		-	-	-	74,371	(3,992,145)	-	(3,917,774)
Balance, September 30, 2021		65,943,193	11,100,901	455,712	4,076	(5,319,778)	-	6,240,911
Exercise of stock options	9	50,000	31,258	(14,758)	-	-	-	16,500
Share-based compensation	9	-	-	159,188	-	-	-	159,188
Net and comprehensive loss for the period		-	-	-	(45,473)	(581,940)	-	(627,413)
Balance, December 31, 2021		65,993,193	11,132,159	600,142	(41,397)	(5,901,718)	-	5,789,186
Shares issued pursuant to private placement	9	6,670,000	2,001,000	-	-	-	-	2,001,000
Shares issued for Belmont project agreement	7	118,750	38,000	-	-	-	-	38,000
Share issuance costs	9	-	(12,290)	-	-	-	-	(12,290)
Share-based compensation	9	-	-	78,460	-	-	-	78,460
Non-controlling interest – NSM financing	9	-	-	-	-	-	1,017,022	1,017,022
Net and comprehensive loss for the period		-	-	-	372,596	(1,712,650)	(2,728)	(1,342,782)
<b>Balance, September 30, 2022</b>		<b>72,781,943</b>	<b>13,158,869</b>	<b>678,602</b>	<b>331,199</b>	<b>(7,614,368)</b>	<b>1,014,294</b>	<b>7,568,596</b>

**NEVADA SILVER CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

	Note	2022 \$	2021 \$
<b>Operating activities:</b>			
Net loss for the period		(1,715,378)	(3,992,145)
Items not affecting cash:			
Accrued interest expense	8	-	14,330
Depreciation		1,050	-
Services paid with shares		-	214,500
Share-based compensation	9	78,460	423,690
Listing expense	4	-	1,879,404
Changes in non-cash working capital related to operations:			
Receivables		(43,353)	35,000
Prepaid expenses		(18,205)	30,780
Accounts payable and accrued liabilities		220,711	(85,136)
<b>Net cash used in operating activities</b>		<b>(1,476,715)</b>	<b>(1,479,577)</b>
<b>Investing activities:</b>			
Exploration and evaluation assets acquisition and exploration costs		(1,536,780)	(1,140,984)
Reclamation bonds		(34,996)	(92,955)
Equipment		(6,560)	(1,957)
Cash acquired from reverse takeover	4	-	81,040
Purchase of short-term investments		-	(895,709)
<b>Net cash used in investing activities</b>		<b>(1,578,336)</b>	<b>(2,050,565)</b>
<b>Financing activities:</b>			
Shares issued for cash, net of issue costs	9	1,988,710	4,817,593
Proceeds from NSM financing	9	1,017,022	-
Loan proceeds from related parties	8	-	87,352
Loan repayments to related parties	8	(40,238)	(293,526)
<b>Net cash provided by financing activities</b>		<b>2,965,494</b>	<b>4,611,419</b>
Increase in cash during the period		(89,557)	1,081,277
Cash – beginning of the period		301,568	9,134
Cash – end of the period		212,011	1,090,411
Income taxes paid		-	-
Interest paid		-	-

Non-cash transactions (Note 12)

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Nevada Silver Corporation (“NSC” or the “Company”) was incorporated under the Canada Business Corporations Act on March 1, 2018. The Company’s head office and registered offices are located at Suite 800, Wildeboer Dellelce Place, 365 Bay Street, Toronto, ON M5V 2H1. These condensed interim consolidated financial statements include the financial information of NSC and its wholly-owned and controlled subsidiaries, Electric Metals (USA) Limited (“EML”), Electric Metals (USA) Inc., North American Silver Corp. (“NAS”) and Centennial Mining Inc. The Company also owns 90.5% of North Star Manganese Inc (“NSM”). The Company’s common shares are listed on the TSX Venture Exchange (the “TSXV”) under the symbol “NSC”. Effective January 2022, the Company obtained approval for trading on the OTCQB and commenced trading on the OTCQB under the ticker symbol “NVDSF”.

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

These condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At September 30, 2022, the Company had accumulated losses of \$7,614,368 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in the Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended December 31, 2021. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited financial statements for the year ended December 31, 2021.

**b) Basis of presentation**

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

**c) Consolidation**

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

**d) Foreign currencies**

The functional currency and the presentation currency of the Company is the Canadian Dollar. The functional currency of EML is the Australia dollar (“AUD”), while the functional currency of Electric Metals (USA) Inc., NAS, Centennial Mining Inc. and NSM is the US dollar (“USD”). Those functional currencies are the currencies of the primary economic environments in which each of the companies operate.

Entities whose functional currencies differ from the functional currency of the Company are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) and accumulated in foreign currency translation reserve.

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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

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

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

**a) Critical Judgments**

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

*Going concern assumption*

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to fund future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, reported expenses and the condensed interim consolidated statement of financial position classifications used.

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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*Impairment of exploration and evaluation assets*

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

*Issuances of shares for goods and services*

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

*Asset acquisitions*

The assessment of whether an acquisition meets the definition of a business or an asset is an area of key judgment. In the acquisitions of NAS, Centennial Mining Inc. and NSM, judgment was required to determine if the acquisitions represented business combinations or asset acquisitions. More specifically, management concluded that NAS, Centennial Mining Inc. and NSM did not represent businesses as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the transactions (Notes 5 and 6) represented the acquisitions of assets, there was no goodwill recognized and the transaction costs were capitalized to the assets purchased rather than expensed.

*The RTO*

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

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

**b) Key Sources of Estimation Uncertainty**

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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*Share-based compensation*

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

**4. REVERSE TAKEOVER**

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

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

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

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

Since NSC’s operations did not constitute a business under IFRS 3, Business Combinations, the transaction was accounted for as a share-based payment and an asset acquisition respectively whereby equity instruments issued were recognized at fair value and allocated to the net assets acquired. The difference between the fair value of the consideration and the net assets acquired was accounted for as a listing expense

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

which was expensed on completion of the RTO. The fair value of the NSC shares retained by the former NSC shareholders was determined using the concurrent financing price of \$0.33 per share.

The purchase price has been allocated as follows:

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

**5. ACQUISITION OF NORTH AMERICAN SILVER CORP. AND CENTENNIAL MINING INC.**

On April 1, 2020, the Company closed the acquisition of NAS and Centennial Mining Inc. pursuant to the terms of a share exchange agreement (the “NAS Agreement”). The Company acquired all of the issued and outstanding common shares of NAS and Centennial Mining Inc. by issuing 5,159,744 common shares.

The transaction did not meet the definition of a business combination and therefore, was accounted for as an asset purchase of mineral property interests. The fair value of the consideration paid for the acquisition of NAS and Centennial Mining Inc. has been allocated to the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

<b>Purchase price</b>	<b>\$</b>
5,159,744 common shares of the Company at \$0.2089 (USD\$0.15) per share	1,078,094
Fair value of consideration	1,078,094
<b>Net assets acquired</b>	<b>\$</b>
Cash	2
Accounts payable and accrued liabilities	(148,968)
Exploration and evaluation assets	1,227,060
	1,078,094

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

**6. ACQUISITION OF NORTH STAR MANGANESE INC**

On April 20, 2020, the Company acquired 77.5% of North Star Manganese Inc (“NSM”) by issuing 9,900,000 common shares. The Company also committed to issuing 2,000,000 common shares as a finder’s fee as a result of the transaction. On June 2, 2020, the Company acquired the remaining 22.5% of NSM by issuing 2,875,000 common shares pursuant to the terms of a share exchange agreement (the “NSM Agreement”).

The acquisition did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of mineral property interests. The fair value of the consideration paid for the acquisition of NSM has been allocated to the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

<b>Purchase price</b>	<b>\$</b>
9,900,000 common shares of the Company at \$0.0069 per share	68,180
2,000,000 common shares of the Company issued as a finder’s fee at \$0.0069 per share	13,773
2,875,000 common shares of the Company at \$0.2035 per share	584,990
Fair value of consideration	666,943
<b>Net assets acquired</b>	<b>\$</b>
Cash	41,379
Accounts payable and accrued liabilities	(144,878)
Exploration and evaluation assets	770,442
	666,943

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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**7. EXPLORATION AND EVALUATION ASSETS**

**Corcoran Canyon Silver Project**

The Company, through its subsidiaries, NAS and Centennial Mining Inc., has a 100% ownership interest in the Corcoran Canyon Silver Project in Nye County, Nevada. The Corcoran Canyon Silver Project comprises 328 contiguous, unpatented mineral claims with an area of approximately 2,681.5 hectares. Eight of the claims are currently subject to a 2% net smelter return (“NSR”) royalty. Any surrounding claims acquired or staked by the Company would also become subject to the 2% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party.

**Belmont Silver Project**

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

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

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

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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

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

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

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

**Emily Manganese Project**

NSM has a 100% ownership and management interest in the Emily Manganese Project ("Emily"). The Project is 100%-owned by NSM, of which EML has a 90.5% ownership interest. The ownership was established through a series of agreements with Cooperative Mineral Resources, LLC ("CMR") and People's Security Company, Inc. ("PSC"). These agreements establish two general arrangements related to the use of lands owned by CMR and PSC:

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

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

**Summary of Expenditures**

Below is a summary of the changes in the exploration and evaluation assets during the year ended December 31, 2021 and nine months ended September 30, 2022:

	<b>Corcoran Canyon Silver Project \$</b>	<b>Belmont Silver Project \$</b>	<b>Emily Manganese Project \$</b>	<b>Total \$</b>
<b>Balance, December 31, 2020</b>	<b>2,682,269</b>	-	<b>1,360,157</b>	<b>4,042,426</b>
Acquisition costs	5,344	-	134,333	139,677
Consulting	322,968	-	143,235	466,203
Permitting, sampling, assays and surveys	502,558	-	2,632	505,190
Drilling	1,187,207	-	-	1,187,207
Site visits	35,665	-	-	35,665
Staking	31,467	-	-	31,467
Foreign exchange	10,467	-	9,989	20,456
<b>Balance, December 31, 2021</b>	<b>4,777,945</b>	-	<b>1,650,346</b>	<b>6,428,291</b>
Acquisition costs	-	48,819	24,371	73,190
Consulting	284,053	241,161	331,484	856,698
Permitting, sampling, assays and surveys	50,249	99,513	625	150,387
Drilling	364,840	87,300	-	452,140
Site visits	46,742	42,472	-	89,214
Staking	-	5,131	-	5,131
Foreign exchange	261,077	35,933	95,843	392,853
<b>Balance, September 30, 2022</b>	<b>5,784,906</b>	<b>560,329</b>	<b>2,102,669</b>	<b>8,447,904</b>

**8. LOANS FROM RELATED PARTIES**

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred director fees of \$85,291 and made payments of \$58,404, resulting in net balance owing of \$26,887 to the CEO of the Company. During the year ended December 31, 2020, the Company received additional advances totaling \$18,577 from the CEO. During the year ended December 31, 2021, the Company made repayments of \$35,259. The loan is non-interest bearing, due on demand, unsecured and has no maturity date. The balance of the loan payable was \$9,847 as of September 30, 2022 (December 31, 2021 – \$10,205).

On May 25, 2020, the Company entered into a loan agreement with a company owned by the CEO of the Company. A maximum principal amount of AUD\$100,000 is secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA. Any balance owing greater than AUD\$100,000 is unsecured. During the nine months ended September 30, 2022, the Company made repayments of \$40,238. The loan is non-

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

interest bearing and due on demand. The balance of the loan payable was \$182,876 as of September 30, 2022 (December 31, 2021 - \$230,029).

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

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

	\$
Balance, December 31, 2020	486,290
Loan proceeds	7,930
Loan repayments	(250,804)
Interest expense	14,330
Foreign exchange	(17,512)
Balance, December 31, 2021	240,234
Loan repayments	(40,238)
Foreign exchange	(7,273)
Balance, September 30, 2022	192,723

**9. SHARE CAPITAL**

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – 72,781,943 common shares (December 31, 2021 – 65,993,193 common shares)
- c) **Financings**

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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

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

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

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

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

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

On August 31, 2022, the Company closed a non-brokered private placement of securities of NSM to provide NSM with interim exploration financing and general working capital ("NSM financing"). NSM issued a total of 3,160,223 shares of NSM at a price of USD\$0.25 per share for aggregate gross proceeds

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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of \$1,017,022 (USD\$790,058). As a result of the NSM financing, the Company's ownership in NSM was reduced to 90.5%. No fees were payable on the financing.

**d) Stock Options**

The Company has established a stock option plan available for directors, officers, employees and consultants, and has authorized a stock option pool equal to 10% of the then outstanding common shares. Options are granted with exercise prices equal to the fair market value of the common shares of the Company on the date of grant. The vesting terms of the stock options are in the sole discretion of the Board of Directors. All options expire on the tenth anniversary of the grant. After termination of employment, unvested options are forfeited immediately, and vested options expire 90 days subsequent to termination. The Board of Directors administers the stock option plan.

On May 6, 2021, the Company granted an aggregate of 2,100,000 stock options with a fair value of \$619,823 to certain directors, officers and consultants of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a 10-year period. The options vested in four equal installments on August 6, 2021, November 6, 2021, February 6, 2022 and May 6, 2022. Share-based compensation expense related to these stock options of \$nil and \$74,265 was recorded during the three and nine months ended September 30, 2022 (2021 - \$124,226 and \$423,690).

On November 26, 2021, the Company granted an aggregate of 300,000 stock options with a fair value of \$103,785 to a consultant of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.45 per share for a 10-year period. 20% of the options vested immediately, and the remainder vest in four equal installments on February 26, 2022, May 26, 2022, August 26, 2022 and November 26, 2022. In April 2022, 180,000 unvested stock options were cancelled due to the termination of the consulting agreement. The expiration date of the 120,000 vested stock options were accelerated to June 23, 2022. Share-based expense related to these stock options of \$nil and \$4,195 was recorded during the three and nine months ended September 30, 2022 (2021 - \$nil and \$nil).

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

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

	Nine months ended September 30, 2022	Year ended December 31, 2021
Stock price	-	0.34
Exercise price	-	0.35
Risk-free interest rate	-	1.50%
Expected life	-	10 years
Expected volatility	-	100%
Expected dividend yield	-	Nil
Weighted average fair value	-	\$0.30

A summary of stock option activity is as follows:

	Options #	Weighted average exercise price \$
Balance outstanding, December 31, 2020	-	-
Granted	2,400,000	0.35
Exercised	(50,000)	0.33
Balance outstanding, December 31, 2021	2,350,000	0.35
Cancelled	(1,250,000)	0.36
<b>Balance outstanding, September 30, 2022</b>	<b>1,100,000</b>	<b>0.33</b>
<b>Options exercisable, September 30, 2022</b>	<b>1,100,000</b>	<b>0.33</b>

As at September 30, 2022, the Company had the following options outstanding:

	Exercise Price \$	Remaining Life (Years)	Options Outstanding #
Expiry Date			
May 6, 2031	0.33	8.60	1,100,000

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

**e) Warrants**

A summary of warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
Balance outstanding, December 31, 2020	-	-
Granted	7,650,962	0.60
Balance outstanding, December 31, 2021	7,650,962	0.60
Granted	3,335,000	0.45
<b>Balance outstanding, September 30, 2022</b>	<b>10,985,962</b>	<b>0.55</b>

As at September 30, 2022, the Company had the following warrants outstanding:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023	0.60	0.58	7,650,962
February 28, 2024	0.45	1.41	3,335,000
			10,985,962

**f) Finders Warrants**

A summary of finders warrants activity is as follows:

	Finders warrants #	Weighted average exercise price \$
Balance outstanding, December 31, 2020	-	-
Granted	256,501	0.60
<b>Balance outstanding, December 31, 2021 and September 30, 2022</b>	<b>256,501</b>	<b>0.60</b>

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

As at September 30, 2022, the Company had the following finders warrants outstanding:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023	0.60	0.58	256,501

**10. RELATED PARTY TRANSACTIONS**

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

The Company incurred charges to directors and officers, or to companies associated with these individuals, during the three and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Directors fees	24,000	142,834	96,000	450,634
Consulting fees	94,914	36,576	287,494	36,576
Professional fees	54,910	21,808	246,735	49,792
Share-based compensation	-	109,437	65,424	373,251
	173,824	310,655	695,653	910,253

The amounts due to related parties as at September 30, 2022 are \$373,230 (December 31, 2021 – \$268,960) owing to directors of the company and a company in which the CFO of the Company is a shareholder. The amounts due to related parties are included in accounts payable and accrued liabilities.

During the three and nine months ended September 30, 2022, the Company was charged \$35,862 and \$179,031 (2021 - \$nil and \$180,630) by a legal partnership of which one of its partners is a director of the Company.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by the CEO of the Company for annual fees of \$240,000 which shall continue indefinitely unless terminated by either party.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by a director of the Company for annual fees of \$150,000 which shall continue indefinitely unless terminated by either party.

Other related party transactions are disclosed in Note 8.

**NEVADA SILVER CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

**11. SEGMENT INFORMATION**

During the nine months ended September 30, 2022, the Company had one reportable operating segment, being the acquisition and exploration of interests in mineral properties. The Company has operations located in three geographical segments, Canada, USA and Australia. Geographic information is as follows:

	<b>Total non-current assets as at September 30, 2022</b>	<b>Total non-current assets as at December 31, 2021</b>
	\$	\$
USA	8,583,213	6,430,139
<b>Total non-current assets</b>	<b>8,583,213</b>	<b>6,430,139</b>

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Canada	(380,086)	(428,816)	(1,367,518)	(3,161,301)
USA	(99,280)	(38,755)	(301,086)	(94,310)
Australia	(28,537)	53,413	(46,774)	(736,534)
<b>Total net loss</b>	<b>(507,903)</b>	<b>(414,258)</b>	<b>(1,715,378)</b>	<b>(3,992,145)</b>

**12. NON-CASH TRANSACTIONS**

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

During the nine months ended September 30, 2022, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- the Company issued 118,750 common shares as acquisition costs valued at \$38,000 (Note 7); and
- capitalized exploration and evaluation costs of \$537,788 included in accounts payable and accrued liabilities as of September 30, 2022.

During the nine months ended September 30, 2021, the following transaction was excluded from the condensed interim consolidated statement of cash flows:

- the Company issued 256,501 finders warrants as finder's fees valued at \$32,022 (Note 9).