



SILVER HAMMER
MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

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SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

Expressed in Canadian Dollars)

	As at	June 30,	September 30,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash		2,654,891	1,606,841
Amounts receivable		30,616	25,943
Prepaid expenses		265,520	233,323
Deposits		5,000	49,661
		2,956,027	1,915,768
Non-current assets			
Reclamation deposits	3	29,134	-
Evaluation and exploration assets	3	6,804,406	5,978,366
		9,789,567	7,894,134
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	387,582	274,852
		387,582	274,852
SHAREHOLDERS' EQUITY			
Share capital	4	11,208,349	8,154,807
Reserves	4	1,360,259	1,230,840
Deficit		(3,166,623)	(1,766,365)
		9,401,985	7,619,282
		9,789,567	7,894,134
Corporate information and continuance of operations	1		
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These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director

/s/ Lawrence Roulston Director

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

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

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Management and consulting fees	5	170,000	47,917	323,000	47,917
Foreign exchange loss (gain)		7,863	(2,152)	12,410	(2,152)
General and administrative		28,658	1,504	60,488	4,300
Investor relations and promotion		239,711	83,088	670,835	83,088
Professional fees	5	87,019	118,128	282,160	157,574
Regulatory and transfer agents		17,596	29,961	41,188	35,666
Rent		-	3,000	-	12,546
Share-based payments		-	911,849	-	911,849
Travel		-	-	10,177	-
Loss for the period		(550,847)	(1,193,295)	(1,400,258)	(1,250,788)
Other comprehensive income					
Foreign currency translation differences for foreign operations		44,714	-	27,153	-
Total comprehensive loss		(506,133)	(1,193,295)	(1,373,105)	(1,250,788)
Basic and diluted loss per share for the period (\$ per common share)		(0.01)	(0.09)	(0.04)	(0.13)
Weighted average number of common shares outstanding		41,061,885	13,821,312	39,005,089	9,840,437
- basic and diluted					

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Note(s)	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Stock options reserve	Warrants reserve	Foreign currency translation reserve		
			\$	\$	\$	\$	\$	\$
Balance at September 30, 2021		37,405,960	8,154,807	1,039,545	184,125	7,170	(1,766,365)	7,619,282
Shares issued for cash - private placements	4	7,913,286	3,007,049	-	-	-	-	3,007,049
Share issue costs	4	-	(388,949)	-	-	-	-	(388,949)
Fair value of finder's warrants issued for share issue costs	4	-	(145,632)	-	145,632	-	-	-
Shares issued for cash - exercise of warrants	4	1,094,416	475,708	-	-	-	-	475,708
Shares issued for cash - exercise of stock options	4	100,000	62,000	-	-	-	-	62,000
Reclassification of grant-date fair value on exercise of warrants	4	-	13,136	-	(13,136)	-	-	-
Reclassification of grant-date fair value on exercise of stock options	4	-	30,230	(30,230)	-	-	-	-
Other comprehensive income		-	-	-	-	27,153	-	27,153
Loss for the period		-	-	-	-	-	(1,400,258)	(1,400,258)
Balance as of June 30, 2022		46,513,662	11,208,349	1,009,315	316,621	34,323	(3,166,623)	9,401,985
Balance at September 30, 2020		7,850,000	236,501	87,500	-	-	(200,417)	123,584
Shares issued for cash - private placement		17,085,960	3,821,490	-	-	-	-	3,821,490
Shares issued for acquisition		8,300,000	2,075,000	-	-	-	-	2,075,000
Share issue costs		-	(239,559)	-	-	-	-	(239,559)
Fair value of finder's warrants		-	(184,125)	-	-	-	-	-
Shares issued for exploration and evaluation assets		500,000	148,000	-	-	-	-	148,000
Share-based payments		-	-	-	-	-	-	911,849
Loss for the period		-	-	-	-	-	(1,250,788)	(1,250,788)
Balance at June 30, 2021		33,735,960	5,857,307	87,500	-	-	(1,451,205)	5,589,576

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the nine months ended	
		June 30, 2022	June 30, 2021
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(1,400,258)	(1,250,788)
<i>Adjustments for items not affecting cash:</i>			
Share-based payments		-	911,849
Effect of movements in exchange rates		-	(5,712)
Change in non-cash working capital			
Amounts receivable		(4,673)	(23,159)
Prepaid expenses		(28,452)	(219,280)
Deposits		44,661	(5,000)
Accounts payable and accrued liabilities		(19,245)	(183,347)
Cash flow used in operating activities		(1,407,967)	(775,437)
INVESTING ACTIVITIES			
Exploration and evaluation assets additions	3	(670,636)	(130,272)
Reclamation deposits	3	(28,651)	-
Deferred cost		-	20,000
Cash assumed on acquisition		-	33,134
Cash flow from (used in) investing activities		(699,287)	(77,138)
FINANCING ACTIVITIES			
Proceeds from share issuance, net of share issue costs	4	3,155,808	3,581,931
Cash flow from financing activities		3,155,808	3,581,931
Effects of exchange rate changes on cash		(504)	195
Decrease in cash		1,048,050	2,729,551
Cash, beginning of period		1,606,841	50,001
Cash, end of period		2,654,891	2,779,552
SUPPLEMENTAL CASH FLOW			
Finders' warrants issued	4	145,632	184,125
Shares issued for acquisition	4	-	2,075,000
Shares issued for exploration and evaluation assets	4	-	148,000
Exploration and evaluation assets costs included in accounts payable and accrued liabilities	3	218,145	-
Reclassification of the fair value of warrants exercised	4	13,136	-
Reclassification of the fair value of options exercised	4	30,230	-
Cash paid for interest during the period		-	-
Cash paid for income taxes during the period		-	-

See accompanying notes to these unaudited condensed consolidated interim financial statements

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Silver Hammer Mining Corp. (formerly Lakewood Exploration Inc.) (the “Company”) was formed on May 2, 2017 under the laws of British Columbia and changed its name from Lakewood Exploration Inc. to Silver Hammer Mining Corp. on October 1, 2021. The address of the Company’s corporate office and its principal place of business is 206 – 595 Howe Street, Vancouver, British Columbia, Canada.

The Company’s common shares were listed on the Canadian Securities Exchange on April 29, 2021, and began trading under the symbol “LWD” on May 3, 2021 (the “Listing Date”). On October 1, 2021, the trading symbol was changed to “HAMR” in association with the name change.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2022, the Company holds an interest in an early-stage mineral exploration property and the Company had not yet determined whether the Company’s mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$3,166,623 as of June 30, 2022 (September 30, 2021 – \$1,766,365), which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These unaudited condensed consolidated interim financial statements of the Company for the nine months ended June 30, 2022 were approved by the Board of Directors on August 29, 2022.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2021.

New Accounting Standards and Interpretations

There were no new or amended IFRS pronouncements effective October 1, 2021 that impacted these condensed consolidated interim financial statements.

3. EXPLORATION AND EVALUATION ASSETS

The Company’s evaluation and exploration assets are broken down as follows:

	Lacy Project	Silver Strand Project	Eliza Silver Project	Silverton Silver Project	Total
	\$	\$	\$	\$	\$
Balance as of September 30, 2021	265,317	3,170,098	1,287,007	1,255,944	5,978,366
During the nine months ended June 30, 2022					
Acquisition costs					
Cash	-	32,371	31,263	-	63,634
Total acquisition costs	-	32,371	31,263	-	63,634
Staking fees	-	-	7,759	11,342	19,101
Deferred exploration costs					
Consultants	-	132,934	43,972	43,972	220,878
Drilling	-	257,984	-	-	257,984
Field	-	27,961	-	-	27,961
Geological	-	103,293	-	-	103,293
Lodging and food	-	18,450	-	-	18,450
Sample analysis	-	41,249	25,378	25,378	92,005
Total deferred exploration costs	-	581,871	69,350	69,350	720,571
Effect of movements in exchange rates	-	17,773	3,073	1,888	22,734
Balance as of June 30, 2022	265,317	3,802,113	1,398,452	1,338,524	6,804,406

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the Nine Months Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Lacy Property

Pursuant to an option agreement dated November 2, 2017 (the “LP Agreement”) and amended on October 8, 2020, with Barrie Field-Dyde (the “LP Optionor”), the Company was granted an option to acquire a 100% undivided interest in the Lacy Property (the “LP Property”) located in the Alberni Mining Division of British Columbia. The LP Property is comprised of three mineral claims.

In accordance with the LP Agreement, the Company has the option to acquire a 100% undivided interest in the LP Property by paying \$10,000 (paid) upon execution of the Agreement and issue 300,000 common shares of the Company (issued with fair value of \$30,000) no later than 15 days after the Company’s common shares are listed on a securities exchange in Canada.

The LP Optionors will retain a 2% net smelter returns royalty (the “NSR”) on the LP Property. The Company has the right to purchase each of the percentage of NSR for \$1,000,000 during the five-year period commencing from the date the LP Property is put into commercial production.

Silver Strand Project

Asset Purchase Agreement with Silver Strand Development LLC.

On June 16, 2021, the Company completed the acquisition (the “SS Acquisition”) of all the issued and outstanding securities of Silver Strand Exploration Corp. (formerly Silver Hammer Mining Corp.) (“Silver Strand”). As a result of the SS Acquisition, the Company through 123456 US Inc., the wholly owned subsidiary of Silver Strand, entered into an asset purchase agreement with a third party, Silver Strand Development LLC. (“SSD”), (the “SSD Agreement”) to acquire a 100% interest in certain mineral claims (the “SSD Claims”) located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000 to SSD for the transfer of the title to 123456 US Inc. of the SSD Claims (the “Transfer of Title”) (paid);
- Pay US\$25,000 to SSD within 5 business days of the SS Acquisition (paid – \$31,171);
- Issue 200,000 common shares of the Company to SSD at the date of the SS Acquisition (issued with fair value of \$50,000);
- Pay US\$25,000 to SSD on the first anniversary following the completion of the SS Acquisition (paid – \$32,371); and
- Issue 200,000 common shares of the Company to SSD on the first anniversary following the completion of the SS Acquisition (issued subsequent to June 30, 2022).

Eliza Silver Project and Silverton Silver Project

On September 2, 2021, the Company completed the acquisition (the “BCCO Acquisition”) of all the issued and outstanding securities of 1304562 B.C. Ltd. (“BCCO”). As a result of the BCCO Acquisition, the Company owns a 100% interest in the Eliza Silver Project and the Silverton Silver Mine.

During the nine months ended June 30, 2022, the Company entered into an asset purchase agreement with Treasure Hill Resources LLC (“TH Resources”) to acquire certain patented mining claims and associated property rights in White Pine County, Nevada (the “California Patent”) with an amount of \$31,263 (US\$25,000). TH Resources will retain a 1% NSR from the production of minerals from the California Patent.

During the nine months ended June 30, 2022, the Company made a reclamation deposit of \$28,651 (US\$22,600) as collateral for the Silverton Silver project in the event of future operations. As of June 30, 2022, the balance of the reclamation deposit was \$29,134 (US\$22,600) (September 30, 2021 – \$nil).

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow shares

On March 4, 2021, the Company entered into an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings*, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 250,000 common shares (released)
- On November 3, 2021: 375,000 common shares (released)
- On May 3, 2022: 375,000 common shares (released)
- On November 3, 2022: 375,000 common shares
- On May 3, 2023: 375,000 common shares
- On November 3, 2023: 375,000 common shares
- On May 3, 2024: 375,000 common shares

As of June 30, 2022, there were 1,500,000 common shares held in escrow (September 30, 2021 – 2,250,000).

Issued share capital

As of June 30, 2022, the Company had 46,513,662 (September 30, 2021 – 37,405,960) common shares issued and outstanding.

During the nine months ended June 30, 2022

- On June 2, 2022, the Company completed a brokered private placement and non-brokered private placement (collectively the “2022 Financings”) by issuing 7,325,286 units and 588,000 units, respectively, at \$0.38 per unit for total gross proceeds of \$ 3,007,049. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 for a period of 24 months from the closing date of the 2022 Financings.

For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and concluded no value was allocated to the warrants.

In connection with the Private Placement, the Company paid a cash commission of \$182,146 to the agent, a cash advisory fee of \$27,900 and issued 502,831 broker’s warrants and 50,000 advisory warrants. The broker’s warrants and advisory warrants are exercisable to acquire one common share of the Company at a price of \$0.38 for a period of 24 months from the closing date of the 2022 Financings.

The Company estimated the fair value of broker’s warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 2.80%, an expected life of 2 years, an expected volatility of 103% and an expected dividend yield of 0%, which totaled \$136,602, and recorded these values as share issuance costs.

The Company estimated the fair value of advisory warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 3.31%, an expected life of 2 years, an expected volatility of 105% and an expected dividend yield of 0%, which totaled \$9,030, and recorded these values as share issuance costs.

In addition, the Company incurred \$178,903 share issuance costs.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the nine months ended June 30, 2022 (continued)

- 1,094,416 warrants were exercised for proceeds of \$475,708. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$13,136 from warrants reserve to share capital.
- 100,000 stock options were exercised for proceeds of \$62,000. In addition, the Company reclassified the grant date fair value of the exercised options of \$30,230 from stock options reserve to share capital.

During the nine months ended June 30, 2021

- On April 30, 2021, the Company completed the initial public offering (“Offering”) of common shares through its agent, Canaccord Genuity Corp. (the “Agent”). The Offering was fully subscribed for gross proceeds of \$300,000. In consideration for the Agent’s services provided in connection with the Offering, the Company paid a cash commission of \$24,000 and a corporate finance fee of \$7,500. The Company also issued the Agent and a member of its selling group an aggregate of 240,000 non-transferable and non-assignable warrants to purchase common shares of the Company (the “Agent’s Warrants”). Each Agent’s Warrant is exercisable to purchase one common share for a price of \$0.10 per common share until April 30, 2023.

The Company estimated the fair value of Agent’s Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.29%, an expected life of 2 years, an expected volatility of 88% and an expected dividend yield of 0%, which totaled \$11,237, and recorded these values as share issuance costs.

In addition, the Company incurred \$32,000 share issuance costs.

- On April 30, 2021, the Company issued 300,000 common shares of the Company with fair value of \$30,000 pursuant to the LP Agreement (Note 3).
- On June 16, 2021, the Company completed a non-brokered private placement by issuing 14,085,960 units at \$0.25 per unit for total gross proceeds of \$3,521,490. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 for a period of 24 months from the closing date of the non-brokered private placement.

In connection with the non-brokered private placement, the Company paid finder’s fees of \$147,885 and 591,500 finder’s warrants (the “Finder’s Warrants”). The Finder’s Warrants are exercisable on the same terms as the Private Placement Warrants.

The Company estimated the fair value of Finder’s Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.37%, an expected life of 2 years, an expected volatility of 84% and an expected dividend yield of 0%, which totaled \$172,888, and recorded these values as share issuance costs.

In addition, the Company incurred \$28,174 share issuance costs.

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the nine months ended June 30, 2021 (continued)

- On June 16, 2021, the Company completed the acquisition of Silver Hammer Mining Corp. and issued 7,800,000 common shares with fair value of \$1,950,000. In addition, the Company also issued 500,000 common shares with a price of \$0.25 per share to an arm's length third party as a finder's fee.
- On June 16, 2021, the Company issued 200,000 common shares of the Company with fair value of \$118,000 pursuant to the LP Agreement (Note 3).

Warrants

The changes in warrants during the nine months ended June 30, 2022 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	7,874,480	0.49
Issued	4,509,474	0.49
Exercised	(1,094,416)	0.43
Balance, end of period	11,289,538	0.49

The following summarizes information about warrants outstanding at June 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
March 11, 2023	0.10	61,250	2,868	0.70
June 16, 2023	0.50	6,718,814	168,120	0.96
June 2, 2024	0.38	502,831	136,603	1.93
June 2, 2024	0.50	3,956,643	-	1.93
June 21, 2024	0.38	50,000	9,030	1.98
		11,289,538	316,621	1.35

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (CONTINUED)

Options

The Company has a share option plan (the "Plan") that allows it to grant options to its employees, officers, directors and consultants. A fixed maximum of 10% of the common shares issued may be granted. The exercise price of each option shall not be less than the closing market price for the common shares on the trading day prior to the date of the grant. Options may have a maximum term of ten years. Vesting conditions of options is at the discretion of the Board of Directors at the time the options are granted.

The changes in options during the nine months ended June 30, 2022 are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	2,700,000	0.62
Exercised	(100,000)	0.62
Cancelled	(200,000)	0.62
Balance, end of period	2,400,000	0.62

The estimated grant date fair value of the options granted during the nine months ended June 30, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	2,600,000
Risk-free interest rate	0.81%
Expected annual volatility	78.71%
Expected life (in years)	5.00
Expected dividend yield	0%
Grant date fair value per option (\$)	0.35
Share price at grant date (\$)	0.57

During the nine months ended June 30, 2022, the Company recognized share-based payments expense arising from stock options of \$nil (June 30, 2021 – \$911,849).

The following summarizes information about stock options outstanding and exercisable at June 30, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 16, 2026	0.62	2,000,000	750,000	730,468	3.96
June 24, 2026	0.62	300,000	300,000	90,691	3.99
August 9, 2026	0.65	100,000	100,000	40,196	4.11
		2,400,000	1,150,000	861,355	3.97
Weighted average exercise price (\$)		0.62	0.63		

SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Related party transactions

The Company considered the executive officers and directors as the key management of the Company.

Total compensation of key company personnel for the nine months ended June 30, 2022 and 2021 is as follows:

	For the nine months ended	
	June 30, 2022	June 30, 2021
	\$	\$
Professional fees	105,180	23,400
Management and consulting fees	137,500	27,917
Share-issuance costs	3,500	-
Share-based compensation	-	437,045
	246,180	488,362

During the nine months ended June 30, 2022, the Company paid \$137,500 management and consulting fees to the Company's CEO (June 30, 2021 – \$27,917) of which of \$75,000 (June 30, 2021 – \$27,917) was paid to All Mine Consulting, a corporation controlled by the President.

During the nine months ended June 30, 2022, the Company paid professional fees of \$105,180 (June 30, 2021 – \$23,400) and share issuance costs related to the 2022 Financings of \$3,500 to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting support.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$16,352 as at June 30, 2022 (September 30, 2021 – \$15,407). These amounts are unsecured, non-interest bearing and payable on demand.

6. CONTINGENCIES

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Other than disclosed herein, the Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

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7. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Canada	United States	Total
	\$	\$	\$
As at June 30, 2022			
Non-current assets			
Reclamation deposits	-	29,134	29,134
Evaluation and exploration assets	451,628	6,352,778	6,804,406
	451,628	6,352,778	6,804,406
As at September 30, 2021			
Non-current assets			
Evaluation and exploration assets	451,628	5,526,738	5,978,366
	451,628	5,526,738	5,978,366

8. 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 sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	June 30, 2022	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
Financial assets:				
ASSETS				
Cash	2,654,891	2,654,891	-	-
Deposits	5,000	-	5,000	-
Reclamation deposits	29,134	-	29,134	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	387,582	-	387,582	-

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

	September 30, 2021 \$	FVTPL \$	Amortized costs \$	FVTOCI \$
Financial assets:				
ASSETS				
Cash	1,606,841	1,606,841	-	-
Deposits	49,661	-	49,661	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	274,852	-	274,852	-

The carrying values of cash, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Reclamation deposits approximately their fair value due to their liquidity.

As at June 30, 2022 and September 30, 2021, the financial instrument recorded at fair value on the statements of financial position is cash which is measured using Level 1 of the fair value hierarchy. As at June 30, 2022 and September 30, 2021, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

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. The Company's exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash based in Canada are accessible.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2022, the Company had cash of \$2,654,891 and accounts payable and accrued liabilities of \$387,582. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash is easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. The Company is not exposed to significant interest rate risk relating to its cash.

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in CA\$. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, deposits, and accounts payable and accrued liabilities are held in CA\$ and US\$; therefore, US\$ accounts are subject to fluctuation against the CA\$.

The Company's financial instruments were denominated as follows as at June 30, 2022:

	CA\$	US\$
Cash	2,616,298	29,937
Deposits	5,000	-
Reclamation deposits	-	22,600
Accounts payable and accrued liabilities	(173,752)	(165,872)
	2,447,546	(113,335)
Rate to convert to \$1.00 CAD	1.00000	1.28913
Equivalent to CAD	2,447,546	(146,103)

Based on the above net exposures as at June 30, 2022, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately \$1,500.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.