



**SILVER HAMMER**  
MINING CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED JUNE 30, 2023**

**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.**

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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)	2023	2022
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,180,925	1,427,556
Amounts receivable		42,365	42,643
Prepaid expenses		134,453	249,458
Deposits		-	5,000
		<b>1,357,743</b>	<b>1,724,657</b>
<b>Non-current assets</b>			
Reclamation deposits	3	29,831	31,049
Property, plant and equipment		4,409	-
Exploration and evaluation assets	3	7,873,776	7,594,835
		<b>7,908,016</b>	<b>7,625,884</b>
<b>TOTAL ASSETS</b>		<b>9,265,759</b>	<b>9,350,541</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	152,943	352,723
<b>TOTAL LIABILITIES</b>		<b>152,943</b>	<b>352,723</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	12,405,539	11,281,349
Reserves	4	2,184,375	1,522,465
Accumulated deficit		(5,477,098)	(3,805,996)
<b>Equity attributable to owners of the Company</b>		<b>9,112,816</b>	<b>8,997,818</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>9,112,816</b>	<b>8,997,818</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>9,265,759</b>	<b>9,350,541</b>
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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,
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting fees	5	141,038	170,000	293,038	323,000
Depreciation		400	-	400	-
Foreign exchange loss		39,933	7,863	44,571	12,410
General and administrative		20,855	28,658	155,099	60,488
Investor relations and promotion		214,087	239,711	514,920	670,835
Professional fees	5	64,682	87,019	207,222	282,160
Project evaluation costs		47,401	-	47,401	-
Regulatory and transfer agents		13,712	17,596	34,695	41,188
Share-based payments	4	-	-	362,895	-
Travel		2,123	-	10,861	10,177
<b>Loss for the period</b>		<b>(544,231)</b>	<b>(550,847)</b>	<b>(1,671,102)</b>	<b>(1,400,258)</b>
<b>Other comprehensive income (loss)</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations		(70,493)	44,714	(110,985)	27,153
<b>Total comprehensive loss</b>		<b>(614,724)</b>	<b>(506,133)</b>	<b>(1,782,087)</b>	<b>(1,373,105)</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)</b>		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.04)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>49,863,297</b>	<b>41,061,885</b>	<b>47,763,540</b>	<b>39,005,089</b>

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			Accumulated deficit	TOTAL
		Number of shares	\$	Stock options reserve	Warrants reserve	Foreign currency translation reserve		
<b>Balance as of September 30, 2022</b>		<b>46,713,662</b>	<b>11,281,349</b>	<b>1,009,315</b>	<b>316,621</b>	<b>196,529</b>	<b>(3,805,996)</b>	<b>8,997,818</b>
Shares issued for cash - private placement	4	7,296,500	1,459,300	-	364,825	-	-	1,824,125
Shares issued for cash - exercise of warrants	4	61,250	6,125	-	-	-	-	6,125
Share issue costs	4	-	(326,060)	-	-	-	-	(326,060)
Shares issued for finders' fees	4	120,000	24,000	-	6,000	-	-	30,000
Fair value of finders' warrants	4	-	(42,043)	-	42,043	-	-	-
Reclassification of grant-date fair value on exercise of warrants	4	-	2,868	-	(2,868)	-	-	-
Share-based payments	4	-	-	362,895	-	-	-	362,895
Loss and comprehensive loss for the period		-	-	-	-	(110,985)	(1,671,102)	(1,782,087)
<b>Balance as of June 30, 2023</b>		<b>54,191,412</b>	<b>12,405,539</b>	<b>1,372,210</b>	<b>726,621</b>	<b>85,544</b>	<b>(5,477,098)</b>	<b>9,112,816</b>
<b>Balance as of September 30, 2021</b>		<b>37,405,960</b>	<b>8,154,807</b>	<b>1,039,545</b>	<b>184,125</b>	<b>7,170</b>	<b>(1,766,365)</b>	<b>7,619,282</b>
Shares issued for cash - private placement		7,913,286	3,007,049	-	-	-	-	3,007,049
Shares issued for cash - exercise of warrants		1,094,416	488,844	-	(13,136)	-	-	475,708
Shares issued for cash - exercise of stock options		100,000	92,230	(30,230)	-	-	-	62,000
Share issue costs		-	(388,949)	-	-	-	-	(388,949)
Fair value of finder's warrants issued for share issue costs		-	(145,632)	-	145,632	-	-	-
Loss and comprehensive loss		-	-	-	-	27,153	(1,400,258)	(1,373,105)
<b>Balance as of June 30, 2022</b>		<b>46,513,662</b>	<b>11,208,349</b>	<b>1,009,315</b>	<b>316,621</b>	<b>34,323</b>	<b>(3,166,623)</b>	<b>9,401,985</b>

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, 2023	June 30, 2022
		\$	\$
<b>Cash flow from (used in)</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss		(1,671,102)	(1,400,258)
Depreciation		400	-
Share-based payments	4	362,895	-
<b>Net changes in non-cash working capital items:</b>			
Amounts receivable		278	(4,673)
Prepaid expenses		112,836	(28,452)
Deposits		5,000	44,661
Accounts payable and accrued liabilities		(294,699)	(19,245)
<b>Cash flow used in operating activities</b>		<b>(1,484,392)</b>	<b>(1,407,967)</b>
<b>INVESTING ACTIVITIES</b>			
Exploration and evaluation assets additions	3	(291,620)	(670,636)
Reclamation deposits paid		-	(28,651)
Purchase of property, plant and equipment		(4,809)	-
<b>Cash flow used in investing activities</b>		<b>(296,429)</b>	<b>(699,287)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds on exercise of warrants	4	6,125	-
Proceeds on issuance of common shares, net of cash share issue costs	4	1,528,065	3,155,808
<b>Cash flow provided by financing activities</b>		<b>1,534,190</b>	<b>3,155,808</b>
Effects of exchange rate changes on cash and cash equivalents		-	(504)
<b>Decrease in cash</b>		<b>(246,631)</b>	<b>1,048,050</b>
<b>Cash, beginning of period</b>		<b>1,427,556</b>	<b>1,606,841</b>
<b>Cash, end of period</b>		<b>1,180,925</b>	<b>2,654,891</b>
<b>Supplemental cash flow information</b>			
Change in accounts payable and accrued liabilities related to exploration and evaluation assets		94,919	136,855
Fair value of finders' warrants	4	42,043	145,632
Payment of finder's fees through issuance of finder's units	4	6,000	-
Reclassification of grant-date fair value on exercise of stock options	4	-	30,230
Reclassification of grant-date fair value on exercise of warrants	4	2,868	13,136
Cash paid for income taxes		-	-
Cash paid for interest		-	-

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, 2023 and 2022

(Expressed in Canadian Dollars)

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### **1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS**

Silver Hammer Mining Corp. (the “Company”) was formed on May 2, 2017 under the laws of British Columbia. 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 are listed on the Canadian Securities Exchange under the symbol “HAMR”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2023, 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 \$5,477,098 as of June 30, 2023 (September 30, 2022 – \$3,805,996), 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 unaudited condensed consolidated interim financial statements. While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favorable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

#### **Financial Reporting and Disclosure during Economic Uncertainty**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

These unaudited condensed consolidated interim financial statements of the Company for the nine months ended June 30, 2023 were approved by the Board of Directors on August 28, 2023.



## SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months ended June 30, 2023 and 2022

(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, 2022.

#### *New Accounting Standards and Interpretations*

There were no new or amended IFRS pronouncements effective October 1, 2022 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:

	Silver Strand Project \$	Eliza Silver Project \$	Silverton Silver Project \$	TOTAL \$
<b>Balance as of September 30, 2022</b>	4,634,323	1,526,243	1,434,269	<b>7,594,835</b>
<b>Deferred exploration costs</b>				
- Assays and analysis	451	-	-	<b>451</b>
- Consulting	-	58,201	2,189	<b>60,390</b>
- Drilling	13,570	-	-	<b>13,570</b>
- Field	2,153	912	3,543	<b>6,608</b>
- Field office administration	6,236	-	-	<b>6,236</b>
- Geological	160,964	92,635	45,684	<b>299,283</b>
	<b>183,374</b>	<b>151,748</b>	<b>51,416</b>	<b>386,538</b>
<b>Effect of movements in exchange rates</b>	(84,137)	(14,152)	(9,308)	<b>(107,597)</b>
<b>Balance as of June 30, 2023</b>	<b>4,733,560</b>	<b>1,663,839</b>	<b>1,476,377</b>	<b>7,873,776</b>

## SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

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### 3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### Silver Strand Project

##### Asset Purchase Agreement with Silver Strand Development LLC.

The Company through its' wholly owned subsidiary, 123456 US Inc., 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 with fair value of \$73,000).

#### Eliza Silver Project and Silverton Silver Project

The Company through its' wholly owned subsidiary, 1304562 B.C. Ltd., owns a 100% interest in the Eliza Silver Project and the Silverton Silver Mine.

During the year ended September 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 year ended September 30, 2022, the Company made a reclamation deposit of US\$22,600 as collateral for the Silverton Silver project in the event of future operations. As of June 30, 2023, the balance of the reclamation deposit was \$29,831 (US\$22,600) (September 30, 2022 – \$31,049 (US\$22,600)).

### 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 (released)
- On May 3, 2023: 375,000 common shares (released)
- On November 3, 2023: 375,000 common shares
- On May 3, 2024: 375,000 common shares

As of June 30, 2023, there were 750,000 common shares held in escrow (September 30, 2022 – 1,500,000).

## SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

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### 4. SHARE CAPITAL (CONTINUED)

#### Issued share capital

As of June 30, 2023, the Company had 54,191,412 (September 30, 2022 – 46,713,662) common shares issued and outstanding.

#### During the nine months ended June 30, 2023

- On May 24, 2023, the Company completed a brokered private placement (the “2023 Financing”) by issuing 7,296,500 units at \$0.25 per unit for total gross proceeds of \$1,824,125. 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 \$0.33 for a period of 24 months from the closing date of the 2023 Financing.

For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and determined that \$364,825 was allocated to the warrants.

In connection with the 2023 Financing, the Company:

- paid a cash commission of \$118,050 to the agent;
- issued 472,200 broker’s warrants, each exercisable to acquire one common share at \$0.25 for a period of 24 months from the closing date of the 2023 Financing; and
- issued 120,000 units, which are subject to a 4-month hold, with fair value of \$30,000 as corporate finance fee.

The Company estimated the fair value of broker’s warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 4.18%, an expected life of 2 years, an expected volatility of 91% and an expected dividend yield of 0%, which totaled \$42,043, and recorded these values as share issuance costs.

For accounting purposes, the Company applied the residual method to allocate the fair value of the units issued for the corporate finance fee to common shares and warrants and determined that \$6,000 was allocated to the warrants.

In addition, the Company incurred \$178,010 share issuance costs.

- 61,250 warrants were exercised for proceeds of \$6,125. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$2,868 from warrants reserve to share capital.

#### 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.

## SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

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### 4. SHARE CAPITAL (CONTINUED)

#### Issued share capital (continued)

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

In connection with the 2022 Financings, the Company

- paid a cash commission of \$182,146 to the agent;
- a cash advisory fee of \$27,900;
- 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.

- 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.

#### Warrants

The changes in warrants during the nine months ended June 30, 2023 are as follows:

	Number outstanding	Weighted average exercise price (\$)
<b>Balance, opening</b>	11,289,538	0.49
Issued	4,180,450	0.32
Exercised	(61,250)	0.10
Expired	(6,718,814)	0.50
<b>Balance, closing</b>	<b>8,689,924</b>	<b>0.41</b>

During the nine months ended June 30, 2023, 6,718,814 warrants expired unexercised (June 30, 2022 – nil).

## SILVER HAMMER MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
For the Nine Months ended June 30, 2023 and 2022  
(Expressed in Canadian Dollars)

### 4. SHARE CAPITAL (CONTINUED)

#### Warrants (continued)

The following summarizes information about warrants outstanding at June 30, 2023:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>Warrants outstanding</u>	<u>Estimated grant date fair value (\$)</u>	<u>Weighted average remaining contractual life (in years)</u>
June 2, 2024	0.38	502,831	136,603	0.93
June 2, 2024	0.50	3,956,643	-	0.93
June 21, 2024	0.38	50,000	9,030	0.98
May 24, 2025	0.25	472,200	42,043	1.90
May 24, 2025	0.33	3,708,250	370,825	1.90
		<b>8,689,924</b>	<b>558,501</b>	<b>1.40</b>
<b>Weighted average exercise price (\$)</b>		<b>0.41</b>		

#### 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, 2023 are as follows:

	<u>Number outstanding</u>	<u>Weighted average exercise price (\$)</u>
<b>Balance, opening</b>	2,400,000	0.62
Granted	1,935,000	0.24
Cancelled	(650,000)	0.62
<b>Balance, closing</b>	<b>3,685,000</b>	<b>0.42</b>

#### During the nine months ended June 30, 2023

- The Company granted 750,000 options with an exercise price of \$0.24 to its newly appointed President and CEO. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.
- The Company granted 1,000,000 options with an exercise price of \$0.24 to its directors, officers, employees and consultants. 100,000 options were granted to an IR consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.
- The Company granted 185,000 options with an exercise price of \$0.24 to its Board advisor. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.
- 650,000 options were cancelled.

During the nine months ended June 30, 2022, 200,000 options were cancelled.

## SILVER HAMMER MINING CORP.

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### 4. SHARE CAPITAL (CONTINUED)

#### Options (continued)

The estimated grant date fair value of the options granted during the nine months ended June 30, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	1,935,000
Risk-free interest rate	3.56%
Expected annual volatility	92%
Expected life (in years)	5
Expected dividend yield	-
Grant date fair value per option (\$)	0.19
Share price at grant date (\$)	0.26

During the nine months ended June 30, 2023, the Company recognized share-based payments expense of \$362,895 (June 30, 2022 – \$nil).

The following summarizes information about stock options outstanding and exercisable at June 30, 2023:

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	1,650,000	1,650,000	602,637	2.96
August 9, 2026	0.65	100,000	100,000	40,196	3.11
February 15, 2028	0.24	1,750,000	1,750,000	340,647	4.63
March 15, 2028	0.24	185,000	185,000	22,248	4.71
		<b>3,685,000</b>	<b>3,685,000</b>	<b>1,005,728</b>	<b>3.85</b>
<b>Weighted average exercise price (\$)</b>		<b>0.42</b>	<b>0.42</b>		

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### 5. RELATED PARTY TRANSACTIONS

#### Related party transactions

The Company considers 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, 2023 and 2022 is as follows:

	For the nine months ended	
	June 30, 2023	June 30, 2022
	\$	\$
<b>Peter Ball, CEO, President, Director <sup>(1)</sup></b>		
Consulting fees	125,000	-
Share-based payments	145,992	-
	<b>270,992</b>	-
<b>Alnesh Mohan, CFO, Director, Corporate Secretary <sup>(2)</sup></b>		
Professional fees	96,060	105,180
Share-issuance costs	9,500	3,500
Share-based payments	36,011	-
	<b>141,571</b>	<b>108,680</b>
<b>Lawrence Roulston, Director</b>		
Share-based payments	36,011	-
	<b>36,011</b>	-
<b>Joness Lang, Director</b>		
Share-based payments	36,011	-
	<b>36,011</b>	-
<b>Ron Burk, Director, Technical Advisory</b>		
Share-based payments	36,011	-
	<b>36,011</b>	-
<b>Morgan Lekstrom, Former CEO, Former President <sup>(3)</sup></b>		
Consulting fees	37,500	137,500
	<b>37,500</b>	<b>137,500</b>
<b>Warwick Smith, Former Interim CEO, Former Interim President, Former Director <sup>(4)</sup></b>		
Consulting fees	37,500	-
	<b>37,500</b>	-
<b>TOTAL</b>	<b>595,596</b>	<b>246,180</b>

(1) Fees paid to Ariston Capital Corp, a corporation controlled by the CEO, President and Director.

(2) Fees paid to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting support.

(3) Fees paid to All Mine Consulting, a corporation controlled by the former CEO and President.

(4) Fees paid to Harbourside Consulting, a corporation controlled by the former Interim CEO, President and Director.

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### 5. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Related party balances (continued)

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$55,419 as at June 30, 2023 (September 30, 2022 – \$11,156). 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.

### 7. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets mainly consist of the exploration and evaluation assets located in the United States and Canada, of which the assets held in Canada were impaired during the year ended September 30, 2022.

### 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, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	1,180,925	-	1,180,925	-
Amounts receivable	42,365	-	42,365	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(152,943)	-	(152,943)	-



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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Fair value (continued)**

	September 30, 2022	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	1,427,556	-	1,427,556	-
Amounts receivable	42,643	-	42,643	-
Deposits	5,000	-	5,000	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(352,723)	-	(352,723)	-

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. Deposits approximate their fair value due to their liquidity.

As at June 30, 2023 and September 30, 2022, 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 1, 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 of June 30, 2023, the Company had cash of \$1,180,925 and accounts payable and accrued liabilities of \$152,943. 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 of June 30, 2023:

	CA\$	US\$
Cash	1,176,873	3,071
Amounts receivable	42,365	-
Reclamation deposits	-	22,600
Accounts payable and accrued liabilities	(119,996)	(24,960)
	<b>1,099,242</b>	<b>711</b>
Rate to convert to \$1.00 CA\$	1.00	1.32
<b>Equivalent to CA\$</b>	<b>1,099,242</b>	<b>938</b>

Based on the above net exposures as of June 30, 2023, and assuming that all other variables remain constant, a 10% change of the CA\$ against the US\$ does not significantly impact the Company's profit or loss for the nine months ended June 30, 2023.

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Financial risk management (continued)**

**Market risk (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.