
**ABRASILVER RESOURCE CORP.
(FORMERLY ABRAPLATA RESOURCE CORP.)**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of AbraSilver Resource Corp.

Opinion

We have audited the consolidated financial statements of AbraSilver Resource Corp. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
April 28, 2021**

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2020	December 31, 2019 (Restated - note 4)
Assets		
Current assets		
Cash and cash equivalents	\$ 17,087,494	\$ 1,812,119
Receivables	211,218	190,791
Prepaid expenses	73,025	204,806
Total current assets	17,371,737	2,207,716
Equipment	264	2,225
Right-of-use asset (note 10)	59,408	39,231
Mineral property interests (note 8)	16,762,683	10,362,971
Total Assets	\$ 34,194,092	\$ 12,612,143
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 15)	\$ 530,438	\$ 1,245,901
Lease liabilities (note 11)	25,667	33,970
Total current liabilities	556,105	1,279,871
Non-Current liabilities		
Lease liability (note 11)	28,039	-
Total Liabilities	584,144	1,279,871
Shareholders' Equity		
Share capital (note 13(b))	51,313,308	28,851,962
Reserves (notes 13 (c) and (d))	9,839,298	4,177,803
Shares to be issued	195,045	-
Accumulated other comprehensive loss	(2,165,069)	(1,817,239)
Accumulated deficit	(25,572,634)	(19,880,254)
Total shareholders' equity	33,609,948	11,332,272
Total Liabilities and Equity	\$ 34,194,092	\$ 12,612,143

Nature of operations (note 1)
Commitments (note 18)
Subsequent events (note 19)

The notes to the consolidated financial statements are an integral part of these statements.

Approved by the Board of Directors:

Director: (s) "Flora Wood"

Director: (s) "Robert Bruggeman"

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended December 31,	2020	2019
Administrative expenses		
Consulting fees (note 15)	\$ 505,303	\$ 175,702
Insurance	36,372	10,294
Depreciation	25,863	2,873
Investor relations	249,750	116,367
Office and administration (note 15)	384,714	108,301
Professional fees (note 15)	594,937	225,503
Rent	14,012	9,572
Salaries and benefits	423,842	50,101
Share-based payments (notes 13 and 15)	393,110	126,168
Transfer agent and filing fees	151,988	49,946
Travel	8,668	11,205
Accretion of lease liabilities	1,810	316
Total administrative expenses	2,790,369	886,348
Evaluation and exploration expenses (note 9)	4,729,986	701,787
Other (income) expenses		
Gain on sale of marketable securities (note 16)	(1,940,000)	-
Write-off of mineral property interests (note 8)	70,203	-
Other expense(income)	(174,494)	(7,220)
Foreign exchange	257,699	53,533
Loss (gain) on net monetary position	(41,383)	(93,220)
Total other expenses (income)	(1,827,975)	(46,907)
Net loss for the year	5,692,380	1,541,228
Other comprehensive (income) loss:		
Impact of hyperinflation	(2,285,500)	(1,442,213)
Foreign currency translation adjustment	2,633,330	1,279,118
Total comprehensive loss for the year	\$ 6,040,210	\$ 1,378,133
Basic and diluted loss per share	\$ 0.02	\$ 0.02
Weighted average number of shares outstanding	314,504,177	101,211,532

The notes to the consolidated financial statements are an integral part of these statements.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital		Shares to be issued	Share-based payment reserve	Warrant reserve	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
	Number	Amount						
Balance, December 31, 2018 (restated - note 4)	81,673,478	\$ 21,027,148	\$ -	\$ 1,496,642	\$ 850,368	\$ (1,980,334)	\$ (18,339,026)	\$ 3,054,798
Private placement, net of share issue costs	40,000,000	2,219,455	-	-	-	-	-	2,219,455
Fair value of warrants issued in private placements	-	(798,910)	-	-	798,910	-	-	-
Shares issued to SSR Mining Inc.	24,160,385	1,208,019	-	-	-	-	-	1,208,019
Shares issued for mineral interests	300,000	15,000	-	-	-	-	-	15,000
Acquisition of Aethon	103,624,999	5,181,250	-	108,918	796,797	-	-	6,086,965
Stock options granted	-	-	-	126,168	-	-	-	126,168
Impact of hyperinflation	-	-	-	-	-	1,442,213	-	1,442,213
Foreign currency translation adjustment	-	-	-	-	-	(1,279,118)	-	(1,279,118)
Net loss for the year	-	-	-	-	-	-	(1,541,228)	(1,541,228)
Balance, December 31, 2019 (restated - note 4)	249,758,862	28,851,962	-	1,731,728	2,446,075	(1,817,239)	(19,880,254)	11,332,272
Private placement, net of share issue costs	135,144,927	15,559,638	-	-	7,907,919	-	-	23,467,557
Shares issued and shares to be issued from exercise of warrants	21,452,420	5,710,775	195,045	-	(1,867,538)	-	-	4,038,282
Shares issued from exercise of stock options	2,728,125	467,516	-	(113,579)	-	-	-	353,937
Shares issued for mineral interests	200,000	65,000	-	-	-	-	-	65,000
Expiry of warrants	-	658,417	-	-	(658,417)	-	-	-
Share-based payments	-	-	-	393,110	-	-	-	393,110
Impact of hyperinflation	-	-	-	-	-	2,285,500	-	2,285,500
Foreign currency translation adjustment	-	-	-	-	-	(2,633,330)	-	(2,633,330)
Net loss for the year	-	-	-	-	-	-	(5,692,380)	(5,692,380)
Balance, December 31, 2020	409,284,334	\$ 51,313,308	\$ 195,045	\$ 2,011,259	\$ 7,828,039	\$ (2,165,069)	\$ (25,572,634)	\$ 33,609,948

The notes to the consolidated financial statements are an integral part of these statements.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended December 31,	2020	2019
Operating Activities		
Net loss for the year	\$ (5,692,380)	\$ (1,541,228)
Items not affecting cash:		
Loss (gain) on net monetary position	(41,383)	(93,220)
Foreign exchange	93,324	215,591
Share-based payments	393,110	126,168
Write-off of mineral properties	70,203	-
Accretion of lease liabilities	1,810	316
Depreciation	25,863	2,873
Changes in non-cash operating working capital:		
Receivables	(20,427)	293,933
Accounts payable and accrued liabilities	(715,463)	(142,533)
Prepaid expenses	131,781	(164,547)
Cash (used in) operating activities	(5,753,562)	(1,302,647)
Investing Activities		
Additions to mineral interests	(6,805,030)	(675,822)
Cash obtained upon acquisition of Aethon	-	1,734,658
Transaction costs incurred for acquisition of Aethon	-	(172,669)
Cash (used in) provided by investing activities	(6,805,030)	886,167
Financing Activities		
Proceeds on issuance of shares in private placements, net of issuance costs	23,467,557	2,219,455
Proceeds on exercise of warrants	4,038,282	-
Proceeds on exercise of stock options	353,937	-
Repayment of lease liabilities	(25,809)	(2,518)
Cash provided by financing activities	27,833,967	2,216,937
Change in cash and cash equivalents during the year	15,275,375	1,800,457
Cash and cash equivalents, beginning of the year	1,812,119	11,662
Cash and cash equivalents, end of the year	\$ 17,087,494	\$ 1,812,119
Cash and cash equivalents are comprised of:		
Cash	\$ 786,608	\$ 512,119
Term deposits	16,300,886	1,300,000
	\$ 17,087,494	\$ 1,812,119
Non-cash investing and financing activities		
Shares issued for mineral interests	\$ 65,000	\$ 1,223,019
Fair value of options and warrants issued for acquisition of Aethon	\$ -	\$ 6,086,965
Right-of-use assets acquired by lease	\$ 53,706	\$ 13,454
Interest received	\$ 43,825	\$ 7,220

The notes to the consolidated financial statements are an integral part of these statements.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)**

1. Nature of operations

AbraSilver Resource Corp. (formerly AbraPlata Resource Corp.) (the "Company" or "AbraSilver" or "AbraPlata") was incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company's registered office is located at Suite 550, 220 Bay Street, Toronto, Ontario, M5J 2W4.

These 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. As at December 31, 2020, the Company has a working capital of \$16,815,632 (December 31, 2019– \$927,845) and has an accumulated deficit of \$25,572,634. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. As at December 31, 2020, the Company had \$16,815,632 working capital and therefore has sufficient resources to sustain operations for the next 12 months, although the Company will need additional fundings to achieve its long-term business objectives. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

On March 4, 2021, the Company changed its name from "AbraPlata Resource Corp." to "AbraSilver Resource Corp.". The common shares of the Company began trading under the Company's new name on TSX Venture Exchange on March 9, 2021.

Since January 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 pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the consolidated financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results.

2. Basis of preparation

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2021.

Basis of measurement

These consolidated financial statements are expressed in Canadian dollars, the Company's presentation currency and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies used in the preparation of these consolidated financial statements are the policies listed in the note 5. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect, except change of accounting policy in note 4.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)**

3. Hyperinflation

Due to various qualitative factors and developments with respect to the economic environment in Argentina during the year ended December 31, 2018, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these consolidated financial statements as the Company's Argentine operating subsidiaries (the "Argentine Subsidiaries") use the Argentine Peso as its functional currency. The Company also followed the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7. The consolidated financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation accounting requires restatement of the Argentine subsidiaries' non-monetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or ("IPIM") for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or "IPC") thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

As at December 31, 2020, the IPC was 385.9 (December 31, 2019- 283.4), which represents an increase of 36% during the year.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. Change in accounting policy

During the year ended December 31, 2020, the Company retrospectively changed its accounting policy for the valuation of shares and warrants in a unit placement. Proceeds from unit placements were previously allocated between shares and warrants issued based on the residual value method, with the shares being valued first using the bid price on announcement date.

Under the new policy, proceeds from unit placements are allocated between shares and warrants issued based on the prorata value method, with unit price allocated between warrants and shares prorata based on the fair values of the warrants and shares. Upon expiry of warrants, the fair value of warrants are reclassified to share capital. As required by IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the consolidated financial statements reflect the retroactive application of this accounting policy change, which has no net effect on the net loss for the years ended December 31, 2019 and 2018. The impact of this retroactive application was as follows:

	As previously reported		Adjustments		Restated	
	As at December 31, 2019	2018	As at December 31, 2019	2018	As at December 31, 2019	2018
Share capital	\$29,939,924	\$21,316,200	\$ (1,087,962)	\$ (289,052)	\$28,851,962	\$21,027,148
Warrant reserve	\$ 1,358,113	\$ 561,316	\$ 1,087,962	\$ 289,052	\$ 2,446,075	\$ 850,368

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020. The following new standards have been adopted:

Amendments to IFRS 3 Business Combinations

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company adopted these amendments on January 1, 2020 and the adoption has no impact on the consolidated financial statements for the year ended December 31, 2020.

Future accounting standards and pronouncements

The amendments to IAS 37 - Cost of Fulfilling a Contract specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)

5. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiaries Aethon Minerals Corporation ("Aethon"), Huayra Minerals Corp. ("Huayra"), Argentine subsidiaries AbraPlata Argentina S.A., Pacific Rim Mining Corporation Argentina S.A., and Minera Cerro Bayo S.A.; British Virgin Island subsidiaries ABP Global Inc. (BVI); ABP Diablillos Inc. (BVI) and Chilean subsidiary, Aethon Minerals Chile SpA. All inter-company transactions and balances have been eliminated.

(b) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of environmental obligations, if any; the recoverability of mineral interests; and provision for income and other taxes based on management's interpretation of taxation laws which may differ from the interpretation by taxation authorities.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments, which are discussed below.

Acquisitions

The determination of the acquirer in the share exchange transaction between the Company and Aethon requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded AbraPlata is the acquirer, and its acquisition of all of the outstanding shares of Aethon has been determined to be an asset acquisition as Aethon does not meet the definition of a business under IFRS 3 Business Combinations. As a result, the acquisition of Aethon has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying value based on relative fair value.

Functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of AbraPlata Argentina S.A. (formerly Meryllion Argentina S.A.), Pacific Rim Mining Corporation Argentina S.A., and Minera Cerro Bayo S.A. is Argentine Peso. The functional currency of ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) is the US dollar. The functional currency of AbraPlata Resource Corp. Aethon Minerals Corporation, and Huayra Minerals Corp. is Canadian dollar. The function currency of Aethon Minerals Chile SpA is Chilean Peso.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)**

5. Significant accounting policies (continued)

(b) Critical accounting estimates and judgments (continued)

Critical accounting judgments (continued)

Impairment of mineral interests

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern involves significant judgment. Refer to our discussion in Note 1.

(c) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Canadian Dollars. The Company's presentation currency is the Canadian dollar and the Company and its subsidiaries' functional currencies are summarized in note 5(b).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of loss and comprehensive loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive (income) loss in the consolidated statement of comprehensive (income) loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive (income) loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)**

5. Significant accounting policies (continued)

(d) Foreign currency translation (continued)

Parent and Subsidiary Companies

The financial position and results of operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at the average exchange rates for the period.

Exchange differences are transferred directly to other comprehensive (income) loss and are included in a separate component of equity titled "Accumulated other comprehensive income or loss – currency translation adjustment". These differences are recognized in profit or loss in the period in which the operation is disposed of.

(e) Evaluation and exploration expenses

Evaluation and exploration expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interests.

Incidental proceeds received from option agreement on the mineral properties are recorded in the consolidated statements of loss and comprehensive loss.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in Canadian Dollars)**

5. Significant accounting policies (continued)

(f) Mineral interests

Mineral interests include any costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved by the Board of Directors, the capitalized mineral interests for that project are capitalized as mining properties, a component of property, plant and equipment. Upon determination and the decision to proceed with development of a mineral interest, the mineral interest is tested for impairment and then reclassified from mineral interests to mining properties, net of any impairment losses.

The Company assesses its capitalized mineral interests for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A mineral interest is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

(g) Impairment of long-lived assets

Long-lived assets are assessed for impairment at each reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). These are typically individual mines or development projects.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Loss (earnings) per share

The basic loss(earnings) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period if dilutive. The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year. Diluted loss (earnings) per share has not been presented separately as the outstanding options are anti-dilutive for each period presented.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
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5. Significant accounting policies (continued)

(i) Equipment

Equipment is carried at cost less accumulated depreciation. Depreciation is charged on a straight line basis so as to write off the cost of these assets less estimated residual value over their estimated useful economic lives, which is expected to be 2 to 5 years.

(j) Cash and cash equivalents

The Company considers deposits that are highly liquid, readily convertible to known amounts of cash, redeemable on demand to be cash equivalents. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

(k) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax

Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases. A deferred tax liability is recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

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5. Significant accounting policies (continued)

(l) Share-based compensation

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity-settled awards, the fair value is charged to profit or loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. The fair value is determined by using the Black-Scholes option pricing model.

At each statement of financial position date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in profit or loss with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest. The amount remains in the related reserve for stock options which expire unexercised. When options are exercised, the related amount in reserve is reclassified to share capital.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

(m) Share capital

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units

The Company has adopted a prorata value method with respect to the measurement of shares and warrants issued as private placement equity units. The prorata value method values the fair value of warrants issued in the unit using Black-Scholes valuation model and the fair value of the shares is determined by the closing bid price on the closing date of the private placement. The unit price in the private placement is then allocated between warrants and shares prorata on the basis of the fair value of warrants and shares. The value attributed to the warrants is recorded as an equity reserve. If the warrants are exercised or expired unexercised, the value attributable to the warrants is transferred to share capital.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

**Notes to Consolidated Financial Statements
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5. Significant accounting policies (continued)

(n) Financial instruments

Classification and measurement

IFRS 9 requires financial assets and liabilities to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets and financial liabilities is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and liabilities.

The Company classified cash and cash equivalents, receivables and accounts payable and accrued liabilities and lease liabilities as amortized costs.

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Investments in equity instruments are required to be measured by default at fair value through profit or loss, unless the Company makes an irrevocable election to present subsequent changes in the fair value of its equity investments in other comprehensive (income) loss.

De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of loss.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit loss of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

(o) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

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**Notes to Consolidated Financial Statements
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5. Significant accounting policies (continued)

(p) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate which is 10%. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

6. Financial instruments

(a) Fair value estimation

The fair value of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

1. Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
2. Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 includes inputs for the asset or liability that are not based on observable market data.

The Company does not have any financial instruments included in Level 1, 2 and 3. The carrying values of financial instruments maturing in the short term approximates their fair values.

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6. Financial instruments (continued)

(b) Financial risks

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables. The Company's maximum exposure to credit risk is their carrying amounts disclosed in the consolidated statement of financial position. Credit risk associated with cash is minimized by placing these instruments with major Canadian financial institutions with strong investment-grade ratings as determined by a primary ratings agency. Credit risk associated with receivables is minimal as the majority of the balance is owing from Canada Revenue Agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At December 31, 2020, the Company had a cash and cash equivalents balance of \$17,087,494 to settle current liabilities of \$556,105. All of the Company's financial liabilities other than lease liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company intends to finance future requirements from share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is not exposed to price risks.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash, if any, maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency. The Company's financial instruments denominated in currencies that are not the Canadian dollar as at December 31, 2020 are as follows:

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6. Financial instruments (continued)

(b) Financial risks (continued)

Market risk (continued)

Currency risk (continued)

Cost	Chilean Peso	US\$	Argentina Peso	C\$ equivalent
Cash	64,421,036	25,950	5,251,442	227,980
Accounts payable and accrued liabilities	3,045,765	465	14,023,901	218,385
Lease liability	-	33,584	-	42,760

The Company's sensitivity analysis suggests that a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would have resulted in an approximate \$3,300 decrease or increase in the Company's other comprehensive income or loss.

As at December 31, 2020, US dollar amounts have been translated at a rate of C\$1.2732 per US dollar, Argentine Peso amounts have been translated at C\$0.01514 per Argentine Peso and Chilean Peso amounts have been translated at C\$0.00179 per Chilean Peso.

7. Capital management

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 development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. Additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing at terms that are acceptable to the Company will be available. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, new shares or warrants. The Company is not subject to externally restricted capital requirements.

Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management.

8. Mineral property interests

Through the Company's wholly-owned subsidiaries, the Company controls exploration projects in Argentina classified by the Company into the Diablillos Project, Cerro Amarillo Project, Santo Domingo and La Coipita Project and in Chile classified into the Arcas project. All acquisition costs and option payments related to these exploration projects are capitalized as mineral interests and are incurred in US dollars and translated to Canadian dollars, the presentation currency for the Company.

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8. Mineral property interests (continued)

(a) Diablillos project

(1) On November 1, 2016, the Company closed a Share Purchase Agreement dated August 23, 2016, as amended and restated on March 21, 2017, and further amended on September 11, 2019, with SSR Mining Inc. ("SSRM") and Fitzcarraldo Ventures Inc. (the "Share Purchase Agreement") pursuant to which Huayra acquired from SSRM all of the issued and outstanding shares of Pacific Rim Mining Corporation Argentina S.A., ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) (together, the "SSRM subsidiaries"). Through the acquisition of the SSRM subsidiaries, the Company acquired certain exploration projects in Salta and Chubut Provinces, Argentina (the "Diablillos Project" and the "Aguas Perdidas Project").

Cash consideration payable to SSRM consists of the following:

1. US\$300,000 on closing; this amount to be increased by an amount equal to the US dollar equivalent of the amount of Argentine Pesos deposited in entity purchased by the Company (paid);
2. US\$300,000 on or before February 15, 2017 (as amended) (paid);
3. US\$500,000 on 180th day after closing (paid);
4. US\$50,000 on or before January 12, 2018 (as amended) (paid);
5. \$ 200,000 to be paid at the closing date of the Arrangement with Aethon (paid);
6. US\$5,000,000 to be paid on the earlier of (paid):
 - o the date on which a Diablillos Feasibility Study in respect of all or any part of the Diablillos Concessions has been obtained;
 - o July 31, 2023; and
 - o 90 days after demand by SSRM for payment if (a) AbraPlata's market capitalization exceeds \$100,000,000 for 20 consecutive trading days (on the primary stock exchange on which such entity's shares are traded) or (b) after November 1, 2020, the spot price of silver (based on the London Bullion Market Association (LBMA) Silver Price as published by the LBMA on its website (or should that quotation cease, another similar quotation acceptable to the parties acting reasonably) (the "Benchmark") exceeds \$25 per ounce for 20 consecutive trading days on the Benchmark;
7. US\$7,000,000 to be paid on the earlier of:
 - o the date on which Commercial Production occurs in respect of all or any part of the Diablillos Concessions; and
 - o July 31, 2025.

On September 2, 2020 AbraPlata's market capitalization exceeded \$100,000,000 for twenty (20) consecutive trading days on the TSX-V for the period from and after August 6, 2020 to and including September 2, 2020. On the same day SSRM requested the US\$ 5,000,000 to be paid within 90 days. During the year ended December 31, 2020, the Company paid \$6,533,500 (US\$5,000,000) as an addition to the Diablillos project.

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Notes to Consolidated Financial Statements
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8. Mineral property interests (continued)

(a) Diablillos project (continued)

(1) (continued) Equity consideration consists of 11,294,609 Class B common shares of the Company which automatically converted into a number of Huayra Class A Shares that, upon the completion of the RTO, resulted in SSRM holding common shares of the Company representing 19.9% of the Company's then outstanding common shares. The Share Purchase Agreement provides SSRM an anti-dilution right to maintain 19.9% equity interest in the capital of the Company until the Company completes a qualified financing of a minimum of US\$5,000,000. During the year ended December 31, 2018 the Company completed a qualified financing and is no longer obligated to maintain SSRM's free carried equity interest. As consideration for SSRM's agreement to amend the Share Purchase Agreement, the Company issued an additional 24.15 million common shares of the Company plus payment of \$200,000.

The royalty consideration payable to SSRM consists of a 1% net smelter returns royalty. SSRM is entitled to receive advance royalty payments totaling of US\$250,000 on November 1, 2017 (paid).

These advance royalty payments will be deducted and set off against the first US\$250,000 of net smelter returns royalty payments otherwise payable in respect of the Diablillos Project. As security for the above obligations the Company has pledged to SSRM all the shares the Company acquired in the two entities which hold interest to the Diablillos Project and the Aguas Perdidas Project.

(2) On August 30, 2017 the Company signed an agreement, which was amended September 6, 2019, to acquire all of the issued and outstanding shares of Minera Cerro Bayo S.A. ("Cerro Bayo"), a privately held Argentine company. Cerro Bayo owns certain mineral rights that, as a result of a long-standing border dispute between two neighboring provinces in northwestern Argentina, overlap and potentially conflict with the Company's mineral rights to its Diablillos Ag-Au project. The acquisition of the potentially conflicting mineral rights through the acquisition of Cerro Bayo means that the Company will retain its title to the Diablillos Ag-Au project regardless of the ultimate outcome of the provincial border dispute.

Cash and equity consideration payable under the agreement is as follows:

1. US\$225,000 upon closing (paid);
2. US\$175,000 on or before February 28, 2018 (paid);
3. US\$15,000 upon signing of the September 6, 2019, amendment (paid);
4. US\$350,000 and 300,000 common shares on or before November 30, 2019 (paid and issued);
5. US\$65,000 on or before April 30, 2020 (paid);
6. US\$65,000 and 200,000 common shares on or before October 31, 2020 (paid and issued);
7. US\$65,000 on or before April 30, 2021;
8. US\$65,000 on or before October 31, 2021;
9. US\$65,000 on or before April 30, 2022;
10. US\$65,000 on or before October 31, 2022;
11. US\$1,000,000 on or before July 31, 2023; and
12. US\$1,170,000 on or before July 31, 2025.

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**Notes to Consolidated Financial Statements
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8. Mineral property interests (continued)

(b) Cerro Amarillo project

On July 14, 2016, AbraPlata Argentina S.A., a wholly owned subsidiary of the Company, signed an agreement for the right to purchase the Cerro Amarillo project located in the province of Mendoza in Argentina. This agreement is a replacement agreement to the one that was entered into in 2010.

The Company made the following payments:

1. US\$25,000 in October 2016, deferred to May 2017 (paid)
2. and will pay US\$25,000 annually every November, starting in November 2017, until the earlier of the ratification of appropriate permits or the receipt of exploration permits given in accordance with the legislature of the province of Mendoza (the "Notification Date"). The Company will then make a series of installments in total of US\$875,000 over 48-month period from the Notification Date. The due date for November 2018 payment was extended to January 10, 2019 and paid during the year ended December 31, 2019.

An exercise fee of US\$2,500,000 will be due by the end of 60 months period from the Notification Date. The underlying owners are also entitled to a 1% NSR royalty which can be purchased back for US\$3,000,000.

Due to uncertainty of the timing for the completion of the glaciers inventory and the ratification of the permits, the Company wrote down the Cerro Amarillo project to \$1 during the fifteen months ended December 31, 2017. During the year ended December 31, 2019, management decided to pursue exploration on the property again and accordingly, commenced capitalizing acquisition costs incurred.

During the year ended December 31, 2020, the management evaluated its project portfolio including the new acquisitions and elected not to continue with the Cerro Amarillo project purchase. As a result, the November 2020 payment will not be made and the property will be dropped and all prior costs have been written off.

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8. Mineral property interests (continued)

(c) La Coipita Project

On January 31, 2020, AbraPlata entered into a letter agreement, through its wholly owned subsidiary, AbraPlata Argentina SA, to acquire a 100% interest in the La Coipita project ("La Coipita") located in San Juan province, Argentina by paying a total of US\$4,265,000 in staged payments over 60 months (US\$165,000 paid) to the optionors ("Project Owners").

Cash consideration payable per the letter agreement were as follows:

1. US\$35,000 upon celebration of the letter agreement (paid)
2. US\$30,000 in February 2020 (paid)
3. US\$100,000 in January 2021 (paid subsequent to year end)
4. US\$200,000 in January 2022
5. US\$400,000 in January 2023
6. US\$1,000,000 in January 2024
7. US\$2,500,000 in January 2025

In the event the project is placed into commercial production, the Project Owners shall be entitled to collect 1.1% of the net smelter return ("NSR"), of which AbraPlata may purchase for US\$3,000,000 during the 60 months after the first staged payment was made, or for US\$5,000,000 thereafter until start-up of construction of the project.

On February 5, 2020, AbraPlata Argentina SA entered into a binding letter agreement with Altius Resources Inc. to sell its right to acquire the 1.1% NSR from the Project Owners. In consideration, Altius will invest in AbraPlata by way of subscription for common shares or share units in its next equity financing a minimum sum of \$125,000 (received).

(d) Arcas Project

On December 19, 2019, the Company completed a plan of arrangement (the "Arrangement") with Aethon, whereby each former Aethon shareholder received 3.75 common shares in the capital of AbraPlata for each Aethon common share held prior to the Arrangement. This transaction has been determined to be an acquisition of assets and the Arcas Project of Aethon was deemed to be acquired on December 19, 2019 by the Company.

On January 23, 2018, Aethon entered into the option agreement with the optionors, as amended February 28, 2018, pursuant to which Aethon has been granted the option to earn a 100% interest in four blocks of exploration-stage mineral concessions with prospective copper and gold targets located in northern Chile, subject to certain underlying royalties.

The consideration for the purchase of the databases and the grant of the option is the issuance of an aggregate of 11,200,000 common shares of Aethon (issued). To exercise the option, Aethon must incur cumulative expenditures of at least \$750,000 on the exploration and development of the properties within 18 months from the closing of the qualifying transaction of which at least \$500,000 must be incurred within 12 months from the closing date. Aethon must also pay an aggregate of \$1,000 to the optionors. Any production from the Properties is subject to an existing 0.98% gross sales royalty in favour of a third party and a new 1.02% gross sales royalty in favour of the Optionors, for a total gross sales royalty of 2.0%.

On April 4, 2019, Aethon announced that it had exercised its option to acquire a 100% interest in the properties.

On September 11, 2019, Aethon entered into an Earn-In with Option to Joint Venture Agreement with Rio Tinto Mining and Exploration Limited / Agencia En Chile, a member of the Rio Tinto Group ("Rio Tinto"), to acquire an interest in the Arcas project. Rio Tinto has the right but not the obligation to earn up to a 75% interest in the Arcas Project by funding project expenditures of up to US\$25 million as follows:

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8. Mineral property interests (continued)

(d) Arcas Project (continued)

1st Option: If Rio Tinto incurs total project expenditures of US\$4 million within 3 years, and makes aggregate cash payments of US\$300,000 during the first two years, it will have the right to acquire a 51% interest in the Arcas project ("Stage 1 earn-in project expenditure") through the acquisition of 51% stock of a new company ("Opco") that will be incorporated. To exercise the option, Rio Tinto shall make the cash payments before the following dates:

1. US\$100,000 on or before the first anniversary date (received);
2. US\$200,000 on or before the second anniversary date;

2nd Option: If Rio Tinto incurs additional project expenditures of US\$5 million over the subsequent 2 year period, it will have a right to acquire an additional 14% interest in Opco (holder of the Arcas project), resulting in its total interest being 65%; and

3rd Option: If Rio Tinto incurs additional project expenditures of US\$16 million over the subsequent 3 year period, it will have a right to acquire an additional 10% interest in Opco (holder of the Arcas project), resulting in its total interest being 75%;

Rio Tinto has agreed to incur minimum project expenditures of US\$1 million within 18 months of securing all necessary approvals to conduct drilling activities which is to be part of the Stage 1 earn-in project expenditure.

In the event Rio Tinto withdraws from the Arcas Project, it will pay Aethon an amount equaling the cost to maintain the Arcas Project concessions for the 12 month period commencing on the date of termination that have not already been paid.

Under the terms of the agreement, Rio Tinto shall have the right to form a Joint Venture ("JV") with the following key terms:

1. The JV (Opco) may be formed with 51% to Rio Tinto and 49% to Aethon upon satisfaction of the 1st Option; 65% to Rio Tinto and 35% to Aethon upon satisfaction of the 2nd Option; or 75% to Rio Tinto and 25% to Aethon upon satisfaction of the 3rd Option.
2. The JV will be managed by Rio Tinto and funded by each participant in accordance with their interest.
3. Aethon may elect not to fund its interest and be diluted down to a 10% interest. If Aethon is diluted below a 10% interest, its interest will convert to a 1% net smelter royalty capped at US\$50 million.
4. Each party will have a right of first refusal should the other party wish to divest its shareholder interest.

During the year ended December 31, 2020, the Company recorded the US\$100,000 received from Rio Tinto as other income in the consolidated statements of loss and comprehensive loss.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

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8. Mineral property interests (continued)

(e) Santo Domingo project

On August 21, 2020, AbraPlata formalized a letter agreement, through its wholly owned subsidiary, AbraPlata Argentina SA, to acquire a 100% interest in the Santo Domingo - Marayes project located in San Juan province, Argentina by paying a total of US\$2,500,000 in staged payments over 96 months (US\$10,000 paid) to the optionors.

Cash consideration payable per the letter agreement were as follows:

1. US\$10,000 before October 21, 2020 (paid)
2. US\$ 15,000, in February 2021 (in negotiation)
3. US\$ 25,000 in August 2021
4. US\$ 50,000 in August 2022
5. US\$ 100,000 in August 2023
6. US\$ 150,000 in August 2024
7. US\$ 200,000 in August 2025
8. US\$ 250,000 in August 2026
9. US\$ 500,000 in August 2027
10. US\$ 1,200,000 in August 2028

	Diablillos Argentina	Cerro Amarillo	La Coipita Project	Santo Domingo project	Arcas Project	Total
December 31, 2018	\$ 3,949,775	\$ 1	\$ -	\$ -	\$ -	\$ 3,949,776
Additions, cash	688,246	66,308	-	-	-	754,554
Additions, shares	1,223,019	-	-	-	-	1,223,019
Additions, upon acquisition of Aethon	-	-	-	-	4,473,979	4,473,979
Recovery, cash	(78,732)	-	-	-	-	(78,732)
Hyperinflationary adjustment	1,431,672	11,484	-	-	-	1,443,156
Foreign exchange translation	(1,448,185)	(11,837)	-	-	57,241	(1,402,781)
December 31, 2019	5,765,795	65,956	-	-	4,531,220	10,362,971
Additions, cash	6,710,229	-	82,272	12,529	-	6,805,030
Additions, shares	65,000	-	-	-	-	65,000
Write-off	-	(70,203)	-	-	-	(70,203)
Hyperinflationary adjustment	1,736,505	16,256	24,193	914	-	1,777,868
Foreign exchange translation	(2,264,873)	(12,009)	-	-	98,899	(2,177,983)
December 31, 2020	\$ 12,012,656	\$ -	\$ 106,465	\$ 13,443	\$ 4,630,119	\$ 16,762,683

9. Evaluation and exploration expenses

	2020	2019
Diablillos		
Camp costs	\$ 590,342	\$ 146,055
Drilling	3,016,408	353,413
Legal and regulatory fee	21,208	14,421
Engineering	11,812	-
Geology	114,171	-
Personnel costs	296,105	57,196
Travel and transport	92,113	56,824
Administration	5,177	12,389
Impact of hyperinflation	476,514	57,063
	\$ 4,623,850	\$ 697,361

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9. Evaluation and exploration expenses (continued)

Cerro Amarillo

Camp costs	\$	3,140	\$	522
Legal and regulatory fee		759		2,579
Administration		2,213		-
Impact of hyperinflation		458		1,325
	\$	6,570	\$	4,426

La Coipita

Legal and regulatory fee	\$	27,595	\$	-
Administration		3,241		-
Impact of hyperinflation		1,892		-
	\$	32,728	\$	-

Santo Domingo

Legal and regulatory fee	\$	26,119	\$	-
Administration		1,862		-
Impact of hyperinflation		2,032		-
	\$	30,013	\$	-

Arcas project

Administration	\$	36,825	\$	-
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Total evaluation and exploration expenses	\$	4,729,986	\$	701,787
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10. Right-of-use Assets

Office leases

Balance, January 1, 2019	\$	-
Addition		13,454
Addition from acquisition of Aethon		27,915
Depreciation		(2,873)
Impact of hyperinflation		893
Impact of foreign exchange		(158)
Balance, December 31, 2019		39,231
Addition		53,706
Depreciation		(23,970)
Lease modification		(9,718)
Impact of hyperinflation		(129)
Impact of foreign exchange		288
Balance, December 31, 2020	\$	59,408

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11. Lease Liabilities

Balance, January 1, 2019	\$	-
Additions		13,454
Additions from acquisition of Aethon		22,308
Accretion		316
Lease payments		(2,518)
Impact of hyperinflation		19
Impact of foreign exchange		391
Balance, December 31, 2019		33,970
Additions		53,706
Accretion		1,810
Lease payments		(25,809)
Lease modification		(9,718)
Impact of hyperinflation		261
Impact of foreign exchange		(514)
Balance, December 31, 2020	\$	53,706
Allocated as:		
Current	\$	25,667
Long-term		28,039
	\$	53,706

12. Acquisition of Aethon

On December 19, 2019 (the "Effective Date"), the Company and Aethon completed the previously announced business combination of AbraPlata and Aethon whereby AbraPlata acquired all of the issued and outstanding common shares of Aethon and Aethon became a wholly-owned subsidiary of AbraPlata, pursuant to an arrangement agreement entered into between AbraPlata and Aethon on September 11, 2019 and amended on October 15, 2019.

On the Effective Date, each common share of Aethon issued and outstanding immediately prior to the effective time of the Arrangement was converted into the right to receive 3.75 AbraPlata shares.

The Company issued 103,624,999 common shares valued at \$5,181,250 based on the quoted market price of the Company's common shares on the Effective Date. The Company also issued 7,704,375 stock options in substitution of Aethon's stock options of which 2,492,500 options were vested on Effective Date. The fair value of the stock options was estimated as \$108,918 using the BlackScholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.17, risk free rate of 1.65%, dividend rate of 0%, expected life of between 1.03 to 4.52 years, and volatility of 100%. The Company also issued 56,625,000 warrants and 3,127,725 broker warrants in substitution of Aethon's warrants and broker warrants with each warrant exercisable at \$0.27 and broker warrant exercisable at \$0.14 for one common share of the Company. The fair value of the warrants was estimated as \$794,958 using the BlackScholes Option Pricing Model with the following assumptions: share price on issuance date of \$0.17, risk free rate of 1.65%, dividend rate of 0%, expected life of 3.35 years, and volatility of 100%. The fair value of the broker warrants was estimated as \$1,839 using the BlackScholes Option Pricing Model with the following weighted average assumptions: share price on issuance date of \$0.17, riskfree rate of 1.65%, dividend rate of 0%, expected life of 0.35 years, and volatility of 100%.

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12. Acquisition of Aethon (continued)

Aethon was determined not to meet the definition of a business as per IFRS 3 as substantially all of the fair value of Aethon's assets were concentrated in its mineral property interest and cash, and it did not have any processes or outputs. Accordingly, the acquisition was treated as an asset acquisition.

Details of the allocation of the estimated fair value of identifiable assets and liabilities acquired and purchase considerations are as follows:

Purchase consideration:

Issuance of common shares	\$ 5,181,250
Issuance of stock options	108,918
Issuance of warrants and broker warrants	796,797
Transaction costs incurred	172,669

Total consideration paid	\$ 6,259,634
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Identifiable net assets acquired:

Cash	\$ 1,734,658
Receivables	445,780
Prepaid expenses	34,817
Equipment	2,201
Right-of-use asset	27,915
Mineral property interest	4,473,979
Accounts payable and accrued liabilities	(437,408)
Lease liability	(22,308)

Balance, December 19, 2019	\$ 6,259,634
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13. Share capital

a) Authorized

Authorized: Unlimited common shares without par value. Unlimited first preferred shares without par value. Unlimited second preferred shares without par value.

b) Issued share capital

As at December 31, 2020, 6,768,750 shares remain in escrow (December 31, 2019 – 3,192,678).

On May 14, 2020 the Company closed a non-brokered private placement (the "Placement"). In connection with the closing of the Placement, the Company issued 25,000,000 units (each, a "Unit") at a price of \$0.08 per Unit for gross proceeds of \$2,000,000. Each Unit consists of one common share in the equity of the Company (each, a "Common Share") and one share purchase warrant (each, a "Warrant"). Each Warrant entitles the subscriber to purchase one additional Common Share at a price of \$0.15 until the third (3rd) anniversary of the closing date of the Offering (the "Expiry Date"). The warrants were valued at \$713,419 using the Black-Scholes valuation model with the following assumptions: share price of \$0.08, risk free rate of 0.25%, dividend yield of 0%, time to expiry of 3 years and volatility of 124.13%. The Company paid finder's fees of \$56,940 and incurred \$45,311 in share issue costs.

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13. Share capital (continued)

b) Issued share capital (continued)

On July 9, 2020 the Company closed its non-brokered private placement (the "Placement"). In connection with the closing of the Placement, the Company issued 43,478,261 units (each, a "Unit") at a price of \$0.115 per Unit for gross proceeds of \$5,000,000. Each Unit consists of one common share in the equity of the Company (each, a "Common Share") and one share purchase warrant (each, a "Warrant"). Each Warrant will entitle the subscriber to purchase one additional Common Share at a price of \$0.17 until the second (2nd) anniversary of the closing date of the Offering (the "Expiry Date"). The warrants were valued at \$1,770,882 using the Black-Scholes valuation model with the following assumptions: share price of \$0.18, risk free rate of 0.28%, dividend yield of 0%, time to expiry of 2 years and volatility of 136.92%. The Company paid finder's fees of \$251,274 and incurred \$59,703 in share issue costs. The Company also issued 2,086,800 broker warrants which were valued at \$261,818 using the Black-Scholes valuation model with the following assumptions: share price of \$0.18, exercise price of \$0.17, risk free rate of 0.28%, dividend yield of 0%, time to expiry of 2 years and volatility of 136.92%.

On September 1, 2020 the Company closed its non-brokered private placement (the "Placement"). In connection with the closing of the Placement, the Company issued 66,666,666 units (each, a "Unit") at a price of \$0.27 per Unit for gross proceeds of \$18,000,000. Each Unit consists of one common share in the equity of the Company (each, a "Common Share") and one-half of one share purchase warrant (each, a "Warrant"). Each Warrant will entitle the subscriber to purchase one additional Common Share at a price of \$0.40 until the second (2nd) anniversary of the closing date of the Offering (the "Expiry Date"). Notwithstanding the foregoing, in the event that after January 2, 2021, the volume weighted average price on the TSX Venture Exchange has been at least \$0.70 for 20 consecutive trading days, the Company may deliver a notice to the holders of Warrants accelerating the Expiry Date to the date that is 30 days following such notice, and any unexercised Warrants after such period shall automatically expire. The warrants were valued at \$4,022,934 using the Black-Scholes valuation model with the following assumptions: share price of \$0.42, risk free rate of 0.27%, dividend yield of 0%, time to expiry of 2 years and volatility of 140.38%. The Company paid finder's fees of \$1,029,817 and incurred \$89,398 in share issue costs. The Company also issued 3,645,834 broker warrants which were valued at \$1,138,866 using the Black-Scholes valuation model with the following assumptions: share price of \$0.42, exercise price of \$0.40, risk free rate of 0.27%, dividend yield of 0%, time to expiry of 2 years and volatility of 140.38%.

On April 18, 2019 the Company closed a non-brokered private placement of 15,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$750,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable for five years to purchase an additional common share at a price of \$0.10. The warrants were valued at \$279,938 using the pro-rata method using the Black-Scholes valuation model with the following assumptions: share price of \$0.06, risk free rate of 1.61%, dividend yield of 0%, time to expiry of 5 years and volatility of 93%. The Company paid finder's fees of \$2,400 and incurred \$10,923 in share issue costs.

On October 31, 2019, the Company closed a nonbrokered private placement of 25,000,000 units at a price of \$0.06 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.10 for a period of twenty four months. The warrants were valued at \$518,972 using the pro-rata method using the Black-Scholes valuation model with the following assumptions: share price of \$0.055, risk free rate of 1.42%, dividend yield of 0%, time to expiry of 2 years and volatility of 134%. The Company paid finder's fees of \$8,100 and incurred \$9,122 share issue costs.

ABRASILVER RESOURCE CORP. (FORMERLY ABRAPLATA RESOURCE CORP.)

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13. Share capital (continued)

c) Stock options

On October 12, 2020, the Company granted 200,000 stock options to a consultant under the Company's stock option plan. The options have an exercise price of \$0.30 per share. Each option is exercisable for three years from the date of grant to purchase one common share. The options vest over 12 months, with 25% of the options vesting in 90 days and 25% each three months thereafter. The fair value of the stock options was determined to be \$48,203 using the Black-Scholes option pricing model with the following assumptions: 3 years expected life; share price at the grant date of \$0.33; 127% volatility; risk free interest rate of 0.24%; and a dividend yield of 0%.

On January 8, 2020, the Company granted 10,400,000 stock options to a number of officers, directors and consultants under the Company's stock option plan. The options have an exercise price of \$0.065 per share. Each option is exercisable for five years from the date of grant to purchase one common share. The options vest over 24 months, with 25% of the options vesting in every six months. The fair value of the stock options was determined to be \$414,431 using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.07; 100% volatility; risk free interest rate of 1.62%; and a dividend yield of 0%.

On August 29, 2019, the Company's shareholder ratified in its annual general meeting its stock option plan. The aggregate number of common shares that may be subject to issuance under the stock option plan (together with any other security based compensation arrangements of the shareholders of Company in effect from time to time) may not exceed ten per cent (10%) of the Company's outstanding common shares from time to time. The exercise price of any option granted under the stock option plan cannot be less than the weighted average price of the common shares on the principal stock exchange on which the common shares trade for the five days on which common shares were traded immediately preceding the date of grant. Stock options are exercisable for a period of time determined by the plan administrator not exceeding ten years from the date the option is granted.

On March 1, 2019 the Company granted 1,200,000 stock options exercisable at a price of \$0.065 per share for a period of five years. The stock options vest 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months. The fair value of the stock options was determined to be \$50,609 using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.06; 93% volatility; risk free interest rate of 1.79%; and a dividend yield of 0%.

Expected volatility was estimated based on similar-sized entities in the industry.

During the year ended December 31, 2020, the company recorded \$393,110 (2019 - \$126,168) in share-based expense related to the stock options.

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13. Share capital (continued)

c) Stock options (continued)

The movement in the Company's share options for the years ended December 31, 2020 and 2019 are as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2018	5,175,000	\$ 0.35
Granted	1,200,000	0.065
Granted upon acquisition of Aethon	7,704,375	0.14
Cancelled	(700,000)	0.63
Cancelled	(150,000)	0.07
Balance, December 31, 2019	13,229,375	0.19
Expired and cancelled	(2,538,750)	0.33
Granted	10,600,000	0.07
Exercised	(2,728,125)	0.13
Balance, December 31, 2020	18,562,500	\$ 0.11

The weighted average trading price of the Company's shares on the dates of the exercises of stock options was \$0.34 for the year ended December 31, 2020.

Stock options outstanding as at December 31, 2020:

Expiry date	Options outstanding	Exercise price (\$)	Remaining contractual life (years)	Options exercisable
June 7, 2022	200,000	0.63	1.43	200,000
November 22, 2022	850,000	0.25	1.89	850,000
March 21, 2023	500,000	0.20	2.22	500,000
June 1, 2023	800,000	0.17	2.42	800,000
April 26, 2023	4,810,625	0.14	2.32	2,706,250
March 1, 2024	700,000	0.065	3.17	700,000
June 24, 2024	601,875	0.14	3.48	200,625
January 8, 2025	9,900,000	0.065	4.02	2,175,000
October 12, 2023	200,000	0.30	2.78	-
	18,562,500	0.11	3.28	8,131,875

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13. Share capital (continued)

d) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018	14,250,682	\$ 0.30
Issued	40,000,000	0.10
Issued upon acquisition of Aethon	59,752,725	0.27
Balance, December 31, 2019	114,003,407	0.21
Issued	107,544,228	0.24
Exercised	(21,452,420)	0.18
Expired	(13,758,634)	0.26
Balance, December 31, 2020	186,336,581	\$ 0.23

Warrants outstanding as at December 31, 2020:

Expiry date	Warrants outstanding	Exercise price (\$)	Remaining contractual life (years)
May 4, 2021	3,124,711	0.30	0.34
July 13, 2021	495,062	0.30	0.58
October 31, 2021	21,983,333	0.10	0.53
July 9, 2022	39,923,587	0.17	1.52
July 9, 2022	2,086,800	0.15	1.52
September 1, 2022	33,333,333	0.40	1.67
September 1, 2022	3,645,834	0.27	1.67
April 26, 2023	49,072,421	0.27	2.32
May 14, 2023	21,997,500	0.15	2.37
April 8, 2024	7,174,000	0.10	3.27
April 18, 2024	3,500,000	0.10	3.30
	186,336,581	0.23	1.86

On May 14, 2020 in connection with the private placement (note 13(b)) the Company issued 25,000,000 warrants exercisable at \$0.15 for a period of three years.

On July 9, 2020 in connection with the private placement (note 13(b)) the Company issued 43,478,261 warrants exercisable at \$0.17 for a period of two years.

On July 9, 2020 in connection with the private placement (note 13(b)) the Company issued 2,086,800 broker warrants exercisable at \$0.15 for a period of two years.

On September 1, 2020 in connection with the private placement (note 13(b)) the Company issued 33,333,333 warrants exercisable at \$0.40 for a period of two years.

On September 1, 2020 in connection with the private placement (note 13(b)) the Company issued 3,645,834 broker warrants exercisable at \$0.27 for a period of two years.

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13. Share capital (continued)

d) Warrants (continued)

On April 18, 2019 in connection with the private placement (note 13(b)) the Company issued 15,000,000 warrants exercisable at \$0.10 for a period of five years.

On October 31, 2019, in connection with the private placement (note 13(b)) the Company issued 25,000,000 warrants. Each warrant entitles the holder to acquire one additional common share at a price of \$0.10 for a period of twenty-four months.

14. Income taxes

The provision for income taxes for the years ended December 31, 2020 and 2019 differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 26.5% and 27.0% as follows:

	2020	2019
Loss before recovery of income taxes	\$ 5,692,380 26.5%	\$ 1,541,228 27%
Expected income tax (recovery)	(1,508,000)	(416,000)
Items not deductible (taxable) for tax purposes	(584,000)	9,000
Effect of tax rate change	360,000	(94,000)
Higher rate in foreign jurisdictions	(166,000)	(25,000)
Tax losses carry forward expired	80,000	89,000
Change in unrecognized tax benefit	1,818,000	437,000
Actual income tax recovery	\$ -	\$ -

The Company recognizes deferred tax assets on losses or other deductible amounts where it is probable that sufficient future taxable profits will be available to realize such assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2020	2019
Tax losses carry forward	\$ 3,416,000	\$ 3,630,000
Mineral interests	889,000	706,000
Share issue costs and other	423,000	212,000
	\$ 4,728,000	\$ 4,548,000

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14. Income taxes (continued)

As at December 31, 2020, the Company has Canadian non-capital loss carryforwards of approximately \$10,877,000 (2019 - \$12,657,000) that are available to reduce taxable income in Canada. These losses expire between 2027 and 2040. As at December 31, 2020, the Company has Argentine loss carryforwards of approximately \$2,113,000 (2019 - \$849,000) that are available to reduce taxable income in Argentina. These losses expire between 2020 and 2025.

As at December 31, 2020 and 2019, the Company has unrecognized deferred tax liabilities of \$1,373,000 due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of Minera Cerro Bayo S.A. and ABP Global Inc. As at December 31, 2020, the Company has unrecognized deferred tax liabilities of \$240,000 due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of Aethon.

15. Related party transactions

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amounts paid and accrued to directors, former director, officers and companies in which directors and officers are shareholders or partners are as follows:

	2020	2019
Salaries and benefits	\$ 410,000	\$ 13,178
Administration	25,000	60,000
Director fees, included in salaries and benefits	-	18,750
Consulting fees	70,000	90,000
Professional fee	125,799	68,677
Share-based payments	241,277	97,978
	\$ 872,076	\$ 348,583

As at December 31, 2020, \$70,000 (December 31, 2019 – \$50,422) was payable to directors, officers and companies in which directors and officers are shareholders or partners of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

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16. Use of marketable securities

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiaries. The Company does not acquire marketable securities or engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well established companies, with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over several days, some fluctuations are unavoidable. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments, between acquisition and disposition, are recognized through profit or loss. As a result of having utilized this mechanism for intragroup funding for the year ended December 31, 2020, the Company realized a gain of \$1,940,000 (2019 - \$nil) from the favorable foreign currency impact.

17. Segmented information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's CEO. During the year ended December 31, 2020, the Company has three (2019 – two) operating segments. After the transaction with Aethon and several financing completed during the year ended December 31, 2020, an important part of the company's current assets are kept in Canada so the CEO decided to include Canada as a reportable segment starting from the year ended December 31, 2020.

The Company's reportable segments are based on the geographic region for the Company's operations and include Argentina and Chile.

The segmental report is as follows:

As at December 31, 2020	Argentina	Chile	Canada	Total
Current assets	\$ 92,055	\$ 251,379	\$17,028,303	\$ 17,371,737
Equipment	-	264	-	264
Right-of-use asset	48,462	-	10,946	59,408
Mineral property interest	12,132,564	4,630,119	-	16,762,683
Total assets	\$ 12,273,081	\$ 4,881,762	\$17,039,249	\$ 34,194,092
Total liabilities	\$ 255,095	\$ 16,403	\$ 312,646	\$ 584,144

Net (loss) income for the year ended December 31, 2020	\$ (3,384,294)	\$ 20,520	\$ (2,328,606)	\$ (5,692,380)
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As at December 31, 2019	Argentina	Chile	Total
Current assets	\$ 426,619	\$ 1,781,097	\$ 2,207,716
Equipment	-	2,225	2,225
Right-of-use asset	12,188	27,043	39,231
Mineral property interest	5,831,751	4,531,220	10,362,971
Total assets	\$ 6,270,558	\$ 6,341,585	\$ 12,612,143
Total liabilities	\$ 719,484	\$ 560,387	\$ 1,279,871
Net loss for the year ended December 31, 2019	\$ (1,491,665)	\$ (49,563)	\$ (1,541,228)

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(Expressed in Canadian Dollars)

18. Commitments

Effective June 1, 2017, the Company has agreed to pay a monthly fee of \$10,000 for provision of management and administrative services. The agreement was amended starting from September 1, 2018 the monthly fee was reduced to \$5,000. The agreement may be terminated by the Company with 60-days written notice, which was provided to be effective May 31, 2020.

As at December 31, 2020, the Company has mineral interest commitments at its Diabilillos, La Coipita and Santo Domingo Mayares projects in the form of option payments, although as at the current date the Company had the commitments shown in the table below, some of these commitments could be reduced, deferred or eliminated pending the outcome of the strategic review. The Company also has operating expenses in Buenos Aires, Santiago de Chile and Toronto.

The Company has the following commitments:

	Years ended December 31,				
	2021	2022	2023	2024	After 2024
Diabilillos	\$ 165,516	\$ 165,516	\$ 1,273,200	\$ -	\$ 10,402,044
La Coipita	127,320	254,640	509,280	1,273,200	3,183,000
Santo Domingo Mayares	50,928	63,660	127,320	190,980	2,737,380
Total mineral interest commitments	343,764	483,816	1,909,800	1,464,180	16,322,424
Minimum office rental payments in Argentina	18,334	18,334	12,223	-	-
Minimum office rental payments in Canada	12,168	-	-	-	-
Total commitments	\$ 374,266	\$ 502,150	\$ 1,922,023	\$ 1,464,180	\$ 16,322,424

19. Subsequent events

- Subsequent to December 31, 2020 the Company issued 24,255,876 shares after 24,255,876 Warrants were exercised for a weight averaged exercise price of \$0.21 and net proceeds of \$5,103,330. The Company also received proceeds of \$398,180 and \$36,653 for the exercise of Warrants and Options for which the shares are not yet issued.
- On January 12, 2021 the Company issued 162,500 shares after 162,500 Options were exercised at \$0.065 for net proceeds of \$10,562.50.
- On January 25, 2021, the Company granted 3,157,500 Options to Directors, Officers and Consultants. The exercise price is \$0.39 and will expire on January 25, 2026. The options will vest as follow: 25% six months from the date grant and 25% every 6 months thereafter.
- On January 25, 2021, the Company granted 4,815,000 Restricted Shares Units ("RSU") to Directors, Officers and Consultants. The RSUs will vest as follow: 33.33% on December 1, 2021; 33.33% on December 1, 2022 and 33.34% on December 1, 2023.