ABRASILVER RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Canadian Dollars)

Crowe MacKay LLP
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

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, 2023 and December 31, 2022 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 material 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, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Crowe MacKay LLP

Chartered Professional Accountants
Vancouver, Canada
April 26, 2024

ABRASILVER RESOURCE CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		**December 31, 2023**		**December 31, 2022**
Assets				
Current assets				
Cash and cash equivalents	$	2,797,365	$	13,823,197
Term deposits (*)		2,000,000		2,000,000
Receivables		443,217		296,438
Prepaid expenses		50,179		97,767
Total current assets		5,290,761		16,217,402
Equipment and right-of-use asset		-		11,406
Mineral property interests (note 8)		24,378,362		22,901,710
Total Assets	$	29,669,123	$	39,130,518
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities (note 13)	$	789,103	$	910,981
Lease liabilities		-		12,528
Total current liabilities		789,103		923,509
Non-Current liabilities				
Consideration payable (notes 10 and 17)		7,420,066		6,607,366
Total Liabilities		8,209,169		7,530,875
Shareholders' Equity				
Share capital (note 11(b))		93,204,742		83,534,280
Reserves (notes 11 (c),(d) and (e))		7,113,232		7,273,915
Accumulated other comprehensive income		574,203		1,430,237
Accumulated deficit		(79,432,223)		(60,638,789)
Total shareholders' equity		21,459,954		31,599,643
Total Liabilities and Equity	$	29,669,123	$	39,130,518

(*) The term deposit consists of a guaranteed investment certificates maturing in January 2024.

Nature of operations and going concern (note 1)
Commitments (note 16)
Subsequent events (note 18)

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.

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

Years ended December 31,	**2023**	**2022**
Administrative expenses		
Consulting fees (note 13)	$ 699,502	$ 825,239
Insurance	143,802	120,031
Investor relations	195,825	118,874
Depreciation, office and administration	1,736,013	1,594,614
Professional fees (note 13)	721,051	718,361
Salaries, benefits and director fees (note 13)	804,978	762,141
Share-based payments (notes 11 and 13)	1,701,810	1,963,840
Transfer agent and filing fees	293,771	173,713
Total administrative expenses	6,296,752	6,276,813
Evaluation and exploration expenses (note 9)	23,208,767	24,574,273
Other (income) expenses		
Gain on sale of marketable securities (note 14)	(11,102,625)	(11,276,455)
Interest income	(361,797)	(298,827)
Accretion of consideration payable and lease liabilities (note 10)	988,250	844,936
Foreign exchange loss (gain)	(235,913)	494,188
Loss on net monetary position	-	289,304
Total other income	(10,712,085)	(9,946,854)
Net loss for the year	18,793,434	20,904,232
Other comprehensive (income) loss:		
Impact of hyperinflation	-	(12,087,213)
Foreign currency translation adjustment	856,034	6,045,334
Total comprehensive loss for the year	$ 19,649,468	$ 14,862,353
Basic and diluted loss per share	$ 0.03	$ 0.04
Weighted average number of shares outstanding	553,052,730	489,548,521

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

ABRASILVER RESOURCE CORP.

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

	Share Capital		Share-based payment reserve	Warrant reserve	Accumulated Other Comprehensive Income (loss) (Restated, note 17)	Accumulated Deficit (Restated, note 17)	Total
	Number	Amount					
Balance, December 31, 2021 (Restated)	475,020,162	$ 66,139,947	$ 3,354,460	$ 6,230,628	$ (4,611,642)	$ (39,734,557)	$ 31,378,836
Shares issued and to be issued from exercise of warrants	20,931,421	4,797,187	-	(972,283)	-	-	3,824,904
Shares issued for settlement of RSU	1,292,052	497,440	(617,923)	-	-	-	(120,483)
Shares and warrants issued in private placement, net of costs	27,027,000	7,518,570	-	1,783,829	-	-	9,302,399
Shares issued from exercise of stock options	450,000	197,161	(84,661)	-	-	-	112,500
Expiry of warrants	-	4,383,975	-	(4,383,975)	-	-	-
Share-based payments	-	-	1,963,840	-	-	-	1,963,840
Impact of hyperinflation	-	-	-	-	12,087,213	-	12,087,213
Foreign currency translation adjustment	-	-	-	-	(6,045,334)	-	(6,045,334)
Net loss for the year	-	-	-	-	-	(20,904,232)	(20,904,232)
Balance, December 31, 2022	524,720,635	83,534,280	4,615,716	2,658,199	1,430,237	(60,638,789)	31,599,643
Shares issued from exercise of warrants	33,772,772	7,718,372	-	(706,468)	-	-	7,011,904
Expiry of warrants	-	72,348	-	(72,348)	-	-	-
Shares issued for settlement of RSU	1,774,674	686,373	(769,703)	-	-	-	(83,330)
Shares issued from exercise of stock options	6,055,625	1,193,369	(313,974)	-	-	-	879,395
Share-based payments	-	-	1,701,810	-	-	-	1,701,810
Foreign currency translation adjustment	-	-	-	-	(856,034)	-	(856,034)
Net loss for the year	-	-	-	-	-	(18,793,434)	(18,793,434)
Balance, December 31, 2023	566,323,706	$ 93,204,742	$ 5,233,849	$ 1,879,383	$ 574,203	$ (79,432,223)	$ 21,459,954

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

ABRASILVER RESOURCE CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended December 31,	2023	2022
Operating Activities		
Net loss for the year	$ (18,793,434)	$ (20,904,232)
Items not affecting cash:		
Loss on net monetary position	-	289,304
Hyperinflation adjustment included in expenses	-	2,570,228
Accretion of consideration payable and lease liabilities	988,250	844,936
Foreign exchange (gain) loss	(235,913)	494,188
Share-based payments	1,701,810	1,963,840
Gain on sale of marketable securities	(11,102,625)	(11,276,455)
Depreciation	11,366	6,864
Changes in non-cash operating working capital:		
Receivables	(146,779)	(126,535)
Accounts payable and accrued liabilities	(121,878)	348,254
Prepaid expenses	47,588	71,513
Cash (used in) operating activities	(27,651,615)	(25,718,095)
Investing Activities		
Additions to mineral interests	(2,047,246)	(522,948)
Purchase of term deposits	-	(2,000,000)
Disposal from sale of marketable securities	24,191,716	23,143,998
Purchase of marketable securities	(13,089,091)	(12,987,651)
Cash provided by investing activities	9,055,379	7,633,399
Financing Activities		
Proceeds from issuance of shares in private placements, net of issuance costs	-	9,302,399
Proceeds from exercise of warrants	7,011,904	3,824,904
Proceeds from exercise of stock options	879,395	112,500
Repayment of lease liabilities	(12,919)	(18,853)
Payment for settlement of RSU	(83,330)	(120,483)
Cash provided by financing activities	7,795,050	13,100,467
Foreign exchange effect on cash and cash equivalents	(224,646)	(208,577)
Change in cash and cash equivalents during the year	(11,025,832)	(5,192,806)
Cash and cash equivalents, beginning of the year	13,823,197	19,016,003
Cash and cash equivalents, end of the year	$ 2,797,365	$ 13,823,197
Cash and cash equivalents are comprised of:		
Cash	$ 907,720	$ 12,529,710
Cash equivalents	1,889,645	1,293,487
	$ 2,797,365	$ 13,823,197
Supplemental cash flow information:		
Interest received	$ 361,797	$ 51,775
Non-cash investing and financing activities		
Shares issued for settlement of RSU	$ 686,373	$ 497,440

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

1. Nature of operations and going concern

AbraSilver Resource Corp. (formerly AbraPlata Resource Corp.) (the "Company" or "AbraSilver") 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.

As at December 31, 2023, the Company had a working capital of $4,501,658 (December 31, 2022 – $15,293,893), has never had profitable operations, had an accumulated deficit at December 31, 2023 of $79,432,223 and expects to continue to incur losses in the development of its business. These factors create material uncertainties that may casts significant doubt on the Company's ability to continue as a going concern without securing additional future sources of financing. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments, if any, that may be required to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and discharge its liabilities as a going concern in the normal course of operations. Management plans to secure necessary financing, as and when needed, through a combination of the issue of new equity or debt instruments and the entering of joint venture or option arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

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.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. Basis of preparation

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2024.

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.

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 consolidated financial statements for the period up to September 30, 2022 were 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 September 30, 2022, the IPC was 967.31 (December 31, 2021 - 582.46), which represents an increase of 66% during the period.

On October 1, 2022, the Company changed the functional currency of its Argentine subsidiaries from Argentine peso to US dollar and stopped the application of hyperinflation accounting in its Argentine subsidiaries.

4. Change in accounting policy

<u>Functional currency change</u>

Prior to October 1, 2022, the functional currency of the Company's Argentinian subsidiaries, was the Argentinian peso. Per IAS 21, The Effects of Changes in Foreign Exchange Rates, an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. Determination of functional currency involves certain judgments to determine the primary economic environment, and this is re-evaluated for each new entity or if conditions change. Based on management's evaluation, taking into consideration the currency of the property payments and majority of the exploration expenditures, management determined the United States dollar as the functional currency of the Argentinian subsidiaries. The change in functional currency has been accounted for prospectively, with no impact of this change on prior year comparative information.

In prior reporting periods, the translation of the Company's Argentinian subsidiaries into the Company's presentation currency of the Canadian dollar, gave rise to a translation adjustment which was recorded as a cumulative translation adjustment ("CTA"), a separate component of shareholders' equity. The CTA balance will remain the same until the entities, which gave rise to the CTA balance, are disposed of, or retired.

4. Change in accounting policy (continued)

New and amended IFRS standards that are effective for the current period

Amendments to IAS 8 – Definition of Accounting Estimates. These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. These amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of this amendment did not have a significant impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies. These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of this amendment did not have a significant impact on the consolidated financial statements.

Future accounting standards and pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024. The following new standards will be adopted on their effective dates:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current. 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, 2024. The adoption of this amendment is not expected to have a significant impact on the consolidated financial statements.

Amendment to IAS 21: Lack of Exchangeability. IAS 21 has been amended to specify how to assess whether a currency is exchangeable or not and how to determine the exchange rate when it is not. This amendment is effective as of January 1, 2025. The Company is still assessing the impact of the implementation of this amendment.

(Expressed in Canadian Dollars)

5. Material accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiaries at the end of the reporting year. All inter-company transactions and balances have been eliminated.

		Percentage of ownership	
	Jurisdiction	**2023**	**2022**
Aethon Minerals Corporation ("Aethon")	Canada	100%	100%
Huayra Minerals Corp. ("Huayra")	Canada	100%	100%
AbraPlata Argentina S.A.(3)	Argentina	100%	100%
Pacific Rim Mining Corporation Argentina S.A. (1)	Argentina	100%	100%
Minera Cerro Bayo S.A. (2)	Argentina	100%	100%
ABP Global Inc. (BVI)	BVI	100%	100%
ABP Diablillos Inc. (BVI)	BVI	100%	100%
Aethon Minerals Chile SpA.	Chile	100%	100%
Abrasilver US Resource Corp.	USA	100%	100%

(1) Please refer to note 8 (a)(1) for outstanding payments and note 10 for consideration payable for the mineral property interests in Pacific Rim Mining Corporation Argentina S.A.
(2) Please refer to note 8 (a)(2) for outstanding payments for the mineral property interests in Minera Cerro Bayo S.A.
(3) Please refer to 8(b) for outstanding payments for the mineral property interests in AbraPlata Argentina S.A.

The results of subsidiaries are fully consolidated from the date on which control is transferred to the Company. The results of these subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(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, there were no critical accounting estimates in the current year.

5. Material accounting policies (continued)

(b) Critical accounting estimates and judgments (continued)

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.

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.

Functional currency
The assessment of each entity's functional currency involves significant judgment. Refer to our discussion in notes 4 and 5(d).

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 below.

The functional currency of AbraPlata Argentina S.A., Pacific Rim Mining Corporation Argentina S.A., Minera Cerro Bayo S.A., ABP Global Inc. (BVI), ABP Diablillos Inc. (BVI) and AbraSilver (US) Resource Corp. is the US dollar. The functional currency of AbraSilver Resource Corp. Aethon Minerals Corporation, and Huayra Minerals Corp. is the Canadian dollar. The function currency of Aethon Minerals Chile SpA is the Chilean Peso.

5. Material accounting policies (continued)

(d) Foreign currency translation (continued)

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 loss and 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.

Parent and Subsidiary Companies
For the Company’s Argentine subsidiaries, which were affected by hyperinflationary accounting as described in note 3 above, and used the Argentine peso as its functional currency prior to October 1, 2022, the results as of September 30, 2022 of these subsidiaries were translated into the presentation currency using the exchange rate prevailing on September 30, 2022.

The results and financial position of all other subsidiaries that have a functional currency different from the presentation currency and for the Argentine subsidiaries after September 30, 2022 are translated into the presentation currency 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 – foreign currency translation adjustment”. These differences are recognized in profit or loss in the period in which the operation is disposed of.

5. Material accounting policies (continued)

(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.

(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.

5. Material accounting policies (continued)

(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 and warrants are anti-dilutive for each period presented.

All of the outstanding stock options, warrants and RSU as of December 31, 2023 and 2022 were not included in the calculation of diluted per share amounts.

(i) 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.

5. Material accounting policies (continued)

(j) 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.

5. Material accounting policies (continued)

(k) 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.

The terms of the Company's restricted share units ("RSU") arrangement provide the Company with a choice of whether to settle in cash or by issuing equity instruments. For RSU which are considered equity-settled awards, the fair value of the grant is determined by multiplying the Company's share price at grant date by the number of RSU granted and recorded as share-based payments expense in profit or loss, a corresponding credit is recorded to share-based payments reserve and is recognized over the vesting period. Actual number of RSU that will eventually vest is likely to be different from estimation. Upon settlement of the RSU through the issuance of shares, the amount reflected in stock-based payment reserve is credited to share capital. If the Company elects the settlement alternative with the higher fair value, as at the date of settlement, the Company recognizes an additional expense for the excess value given, ie the difference between the cash paid and the fair value of the equity instruments that would otherwise have been issued, or the difference between the fair value of the equity instruments issued and the amount of cash that would otherwise have been paid, whichever is applicable.

(l) 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.

5. Material accounting policies (continued)

(m) 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 (“FVTPL”), 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 assets and liabilities.

The Company classified cash and cash equivalents, term deposits, accounts payable and accrued liabilities, lease liabilities and consideration payable as amortized costs, and marketable securities as FVTPL.

The term deposit is a guaranteed investment certificate held at a major Canadian financial institution and has a fixed interest of 5.05% maturing on January 3, 2024.

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 and comprehensive 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.

(n) 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.

(Expressed in Canadian Dollars)

6. Financial instruments

(a) Fair value estimation

The fair value of financial instruments is 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's marketable securities are valued using level 1 fair value hierarchy. At December 31, 2023, the carrying value was $nil. The carrying values of other financial instruments maturing in the short term approximates their fair values.

(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 term deposits. 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 and cash equivalents and term deposits are 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, 2023, the Company had a cash and cash equivalents balance of $2,797,365 to settle current liabilities of $789,103.

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.

The Company has the following contractual cash flow requirements as at December 31, 2023:

	Years ended December 31,		
	2023	2024	2025
Consideration payable (US$7,000,000)	$ -	$ -	$ 9,258,000
Lease liabilities	-	-	-
Accounts payable and accrued liabilities	789,103	-	-
Total commitments	$ 789,103	$ -	$ 9,258,000

(Expressed in Canadian Dollars)

6. Financial instruments (continued)

(b) Financial risks (continued)

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 and cash equivalents and term deposits, if any, maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash and cash equivalents and term deposits 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, 2023 are as follows:

Cost	Argentine peso	Chilean peso	US$	C$ equivalent
Cash	31,299,460	198,811,195	83,259	455,654
Accounts payable and accrued liabilities	50,030,463	680,811	339,404	540,625
Lease liabilities	-	-	-	-
Consideration payable	-	-	5,610,212	7,420,066

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 $751,000 decrease or increase in the Company's total comprehensive income or loss.

As at December 31, 2023, US dollar amounts have been translated at a rate of C$1.3226 per US dollar; Argentine peso amounts have been translated at C$0.0016 per Argentine peso and Chilean peso amounts have been translated at C$0.0015 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 considers its capital including shareholders' equity.

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.

7. **Capital management (continued)**

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, 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.

(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 "Diablillos SPA") 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):
   - the date on which a Diablillos Feasibility Study in respect of all or any part of the Diablillos Concessions has been obtained;
   - July 31, 2023; and
   - 90 days after demand by SSRM for payment if (a) AbraSilver'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 (notes 10 and 17):
   - the date on which Commercial Production occurs in respect of all or any part of the Diablillos Concessions (not reached yet); and
   - July 31, 2025.

On September 2, 2020 AbraSilver'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.

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 Diablillos SPA provided 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, in 2019 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.

The US$7,000,000 balance will be paid on earlier of the date on which commercial production occurs in respect of all or any part of the Diablillos Project and July 31, 2025. The unpaid cash consideration under the Diablillos SPA is secured against a mortgage, pledge and assignment agreement in favour of EMX. If the Company fails to pay the unpaid cash consideration under the Diablillos SPA, when due, EMX (the assignee of SSRM's rights under the Diablillos SPA) will be permitted to enforce against the Company's assets related to the Diablillos Project.

(2) On August 30, 2017 the Company signed a share purchase 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(paid);
8. US$65,000 on or before October 31, 2021 (paid);
9. US$65,000 on or before April 30, 2022 (paid);
10. US$65,000 on or before October 31, 2022 (paid);
11. US$1,000,000 on or before July 31, 2023; (paid)
12. US$1,170,000 on or before July 31, 2025.

The unpaid cash consideration is secured against a stock pledge and trust agreement in favor of the seller of the equity interest of Cerro Bayo. Any unpaid cash consideration will become a liability of the Company only if the Company does not terminate the Diablillos SPA when the payments are due. As such, the amounts not due as of December 31, 2022 and December 31, 2023 have not been recognized as a liability. The Company has disclosed the unpaid cash consideration as commitments in note 16.

8. Mineral property interests (continued)

(b) La Coipita Project

On January 31, 2020, AbraSilver entered into an option 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$765,000 paid to December 31, 2023) to the optionors (“Project Owners”).

On October 23, 2023, the Company and the La Coipita Project owners (the “optionors”) amended the US$1,000,000 cash amount to be paid to the optionors in January 2024 and the US$2,500,000 cash amount to be paid in January 2025. As per the amendment the Company paid US$ 500,000 on January 31, 2024, will pay US$1,000,000 in January 2025 and the remaining US$ 2,000,000 will be paid in January 2026.

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);
4. US$200,000 in January 2022 (paid);
5. US$400,000 in January 2023 (paid);
6. US$ $500,000 in January 2024; (paid subsequent to year end)
7. US$1,000,000 in January 2025; and
8. US$2,000,000 in January 2026.

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”), which AbraSilver 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).

On August 9, 2021, AbraSilver entered into an option agreement, through its wholly owned subsidiary, AbraPlata Argentina SA, to acquire a 100% interest in the Yaretas project (“Yaretas”) located in San Juan province, Argentina by paying a total of US$3,025,000 in staged payments over 60 months (US$225,000 paid to December 31, 2023) to the optionors (“Yeretas Project Owners”).

On August 11, 2023, the Company and the Yaretas Project owners amended the US$ 200,000 cash amount to be paid to the optionors in August 2023. As per the amendment the Company paid US$ 100,000 on August 31, 2023 and the remaining US$ 100,000 will be paid in August 2024.

Cash consideration payable per the letter agreement are as follows:

1. US$50,000 upon celebration of the letter agreement (paid);
2. US$75,000 in August 2022 (paid);
3. US$100,000 in August 2023 (paid);
4. US$500,000 in August 2024;
5. US$800,000 in August 2025; and
6. US$1,500,000 in August 2026.

In the event the project is placed into commercial production, the Yeretas Project Owners shall be entitled to collect 1.1% of NSR, which AbraSilver may purchase for US$5,000,000 at any time.

(Expressed in Canadian Dollars)

8. Mineral property interests (continued)

	Diablillos Argentina	La Coipita Project	Total
December 31, 2021 (restated note 17)	$17,578,271	$ 366,293	$17,944,564
Additions, cash	157,238	365,710	522,948
Hyperinflationary adjustment	8,893,602	334,079	9,227,681
Foreign exchange translation	(4,625,308)	(168,175)	(4,793,483)
December 31, 2022	22,003,803	897,907	22,901,710
Additions, cash	1,341,100	706,146	2,047,246
Foreign exchange translation	(535,129)	(35,465)	(570,594)
December 31, 2023	$22,809,774	$ 1,568,588	$24,378,362

9. Evaluation and exploration expenses

	2023	2022
Diablillos		
Camp costs	$ 1,754,672	$ 1,982,867
Drilling	11,553,867	11,215,038
Legal and regulatory fee	130,595	65,399
Engineering	501,748	124,442
Geology and lab	1,806,752	1,388,215
Personnel costs	1,717,531	1,412,049
Permitting	19,217	-
Travel and transport	454,761	492,945
Administration	439,394	120,386
Impact of hyperinflation	-	2,927,970
	$ 18,378,537	$ 19,729,311

La Coipita		
Professional and access fees	$ 1,309,023	$ 1,107,767
Drilling	2,119,170	1,271,493
Camp costs	1,007,062	702,462
Travel and administration	310,769	233,701
Geology	74,096	146,821
Impact of hyperinflation	-	1,361,870
	$ 4,820,120	$ 4,824,114

(Expressed in Canadian Dollars)

9. Evaluation and exploration expenses (continued)

	2023	2022
Arcas project		
Legal and regulatory fee	$ 10,110	$ 20,848
	$ 10,110	$ 20,848
Total evaluation and exploration expenses	**$ 23,208,767**	**$ 24,574,273**

10. Consideration payable

	As at December 31, 2023	As at December 31, 2022
Opening balance	$ 6,607,366	$ 5,361,636
Accretion	987,777	827,915
Foreign exchange	(175,077)	417,815
Ending balance	$ 7,420,066	$ 6,607,366

The consideration payable represents the remaining payment in the amount of US$7,000,000 as per the Diablillos SPA, which is to be paid on the earlier of the date on which commercial production occurs in respect of all or any part of the Diablillos Concessions and July 31, 2025. The payment obligation is discounted and accreted at a discount rate of 15% per annum, with an estimated payment date of July 31, 2025, see note 8 (a).

11. 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

On December 6, 2022, the Company closed its bought deal private placement (the “Placement”). In connection with the closing of the Placement, the Company issued 27,027,000 units (each, a “Unit”) at a price of $0.37 per Unit for gross proceeds of $9,999,990. Each Unit consisted 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 $0.50 until the second (2nd) anniversary of the closing date of the Offering (the "Expiry Date"). The warrants were valued at $1,513,479 under the prorate value method. The Company paid finder's fees of $565,018 and incurred $132,573 in share issue costs. The Company also issued 1,527,075 broker warrants which were valued at $270,350 using the Black- Scholes valuation model with the following assumptions: share price of $0.37, exercise price of $0.37, risk free rate of 3.78%, dividend yield of 0%, time to expiry of 1.5 years and volatility of 88%.

11. Share capital (continued)

c) Stock options

The Company adopted a share compensation plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company pursuant options granted. The total number of Common Shares issuable under the Plan pursuant to the settlement of RSU that may be awarded shall not exceed 5,000,000 Common Shares. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

On July 13, 2022, the board of directors of the Company approved certain administrative amendments to the share compensation plan, including: (i) clarifying the circumstances which the expiry time for options and RSUs may be extended during a black-out period; (ii) placing limits on when RSUs may vest; (iii) modifying the certain amendments to the share compensation plan that would require shareholder approval; (iv) adding certain defined terms to the share compensation plan to conform to the policies of the TSX-V; (v) specifying that decisions relating to certain adjustments and vesting acceleration shall require the prior approval of the TSX-V; (vi) specifying certain instances where a TSX-V imposed hold period will be applied to awards; and (vii) allowing for the issuance of “incentive stock options”. On July 18, 2023, the Board approved a further amendment to the Share Compensation Plan in order to allow for the exercise of Options on a net basis whereby the option holders will be entitled to receive that number of common shares that is the equal to the quotient obtained by dividing: (i) the product of the number of options being exercised multiplied by the difference between the market price of the common shares and the exercise price of the subject options; by (ii) the market price of the common shares.

On February 17, 2023, the Company granted 5,725,000 options to Directors, Officers and Consultants. The exercise price is $0.37 and the options will expire on February 17, 2028. The options will vest as follow: 25% six months from the date grant and 25% every six months thereafter. The fair value of the stock options was determined to be $1,431,033 using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of $0.315; 113% volatility; risk free interest rate of 3.45%; and a dividend yield of 0%.

On May 2, 2022, the Company granted 200,000 options to a consultant. The exercise price is $0.45 and the options will expire on May 2, 2025. The options will vest as follow: 25% three months from the date grant and 25% every three months thereafter. The fair value of the stock options was determined to be $58,016 using the Black-Scholes option pricing model with the following assumptions: 3 years expected life; share price at the grant date of $0.42; 117% volatility; risk free interest rate of 1.72%; and a dividend yield of 0%.

On February 11, 2022, the Company granted 3,700,000 options to Directors, Officers and Consultants. The exercise price is $0.38 and the options will expire on February 11, 2027. The options will vest as follow: 25% six months from the date grant and 25% every 6 months thereafter. The fair value of the stock options was determined to be $1,037,357 using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of $0.38; 100% volatility; risk free interest rate of 1.72%; and a dividend yield of 0%.

Expected volatility was estimated based on the historical prices of the Company's stock.

(Expressed in Canadian Dollars)

11. Share capital (continued)

c) Stock options (continued)

During the year ended December 31, 2023, the Company recorded $1,363,893 (2022 - $1,208,346) in share-based expense related to the stock options.

The movement in the Company's share options for the years ended December 31, 2023 and 2022 are as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	21,495,000	$ 0.17
Exercised	(450,000)	0.25
Expired	(600,000)	0.38
Granted	3,900,000	0.38
Balance, December 31, 2022	24,345,000	0.19
Exercised	(6,055,625)	0.15
Granted	5,725,000	0.37
Expired	(255,000)	0.28
Balance, December 31, 2023	23,759,375	$ 0.24

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, 2023 (2022 - $0.40).

Stock options outstanding as at December 31, 2023:

Expiry date	Options outstanding	Exercise price ($)	Remaining contractual life (years)	Options exercisable
March 1, 2024	700,000	0.065	0.17	700,000
June 24, 2024	601,875	0.14	0.48	601,875
January 8, 2025	8,925,000	0.065	1.02	8,925,000
January 25, 2026	3,157,500	0.39	2.07	3,157,500
October 22, 2026	750,000	0.53	2.81	750,000
February 11, 2027	3,700,000	0.38	3.12	2,775,000
May 2, 2025	200,000	0.45	1.34	200,000
February 17, 2028	5,725,000	0.37	4.13	1,431,250
	23,759,375	0.24	2.26	18,540,625

(Expressed in Canadian Dollars)

11. Share capital (continued)

d) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	122,141,031	$ 0.24
Issued	15,040,575	0.49
Exercised	(20,931,421)	0.18
Expired	(57,176,365)	0.29
Balance, December 31, 2022	59,073,820	0.27
Exercised	(33,772,772)	0.21
Expired	(5,140,473)	0.27
Balance, December 31, 2023	20,160,575	$ 0.39

Warrants outstanding as at December 31, 2023:

Expiry date	Warrants outstanding	Exercise price ($)	Remaining contractual life (years)
April 8, 2024 [1]	3,970,000	0.10	0.27
April 18, 2024 [1]	1,150,000	0.10	0.30
June 6, 2024	1,527,075	0.37	0.43
December 6, 2024	13,513,500	0.50	0.93
	20,160,575	0.39	0.73

[1] See subsequent event note 18.

On December 6, 2022 in connection with the private placement (note 11(b)) the Company issued 13,513,500 warrants exercisable at $0.50 for a period of two years.

On December 6, 2022 in connection with the private placement (note 11(b)) the Company issued 1,527,075 broker warrants exercisable at $0.37 for a period of 1.5 years. Upon exercise of the broker warrants, holder is entitled to one common share and one-half purchase warrants with each warrant exercisable at $0.50 for a period of 1.5 years.

(Expressed in Canadian Dollars)

11. Share capital (continued)

(e) RSU

On February 11, 2022, the Company granted 1,150,000 RSUs to directors and consultants. The RSUs will vest as follow: 33.33% on February 11, 2023; 33.33% on February 11, 2024 and 33.34% on February 11, 2025.

RSU movements are as follows:

Balance, December 31, 2021	3,210,000
Granted	1,150,000
Vested and settled	(1,604,996)
Balance, December 31, 2022	2,755,004
Vested and settled	(1,988,337)
Balance, December 31, 2023	766,667

During the year ended December 31, 2022, the Company issued 1,292,052 shares and paid $120,483 in settlement upon vesting of 1,604,996 RSUs.

During the year ended December 31, 2023, the Company issued 1,774,674 shares and paid $83,330 in settlement upon vesting of 1,988,337 RSUs.

For the year ended December 31, 2023, the Company recorded $337,917 (2022 - $755,494) as a stock-based compensation expense relating to the RSUs.

12. Income taxes

	2023	2022
Loss before recovery of income taxes	$ (18,793,434)	$ (20,904,232)
	26.5%	26.5%
Expected income tax (recovery)	(4,980,000)	(5,540,000)
Items not deductible (taxable) for tax purposes	(1,619,000)	(1,741,000)
Tax rate differences	186,000	212,000
Impact of foreign exchange and other items	(1,750,000)	(2,872,000)
Change in unrecognized tax benefit	8,163,000	9,941,000
Actual income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

12. Income taxes (continued)

The Company has unrecognized deductible temporary differences aggregating $119,983,199 (2022 - $73,551,876) as shown in table below, that are available to offset future taxable income. The potential benefit of these deductible temporary differences has not been recognized in these consolidted financial statements as it is not considered probable that the sufficient future taxable profit wil allow the temporary differences to be recovered.

	2023	Expiry dates	2022
Non-capital losses	$ 45,022,000	2024 to 2043	$ 28,976,240
Resource pools - mineral properties	58,045,000	No expiry	35,963,859
Share issue costs, hyperinflation adjustments and other	1,054,000	2024 to 2026	6,056,045
Unrecognized deferred tax asset	$104,121,000		$ 70,996,144

As at December 31, 2023, the Company has Canadian non-capital loss carryforwards of approximately $19,161,000 (2022 - $17,652,000) that are available to reduce taxable income in Canada. These losses expire between 2029 and 2043. As at December 31, 2023, the Company has Argentine loss carryforwards of approximately $17,868,000 (2022 - $3,730,000) that are available to reduce taxable income in Argentina. These losses expire between 2024 and 2028.

As at December 31, 2023 and 2022, 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, 2023 and 2022, 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.

13. 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:

	2023	2022
Salaries, benefits and director fees	$ 777,596	$ 742,950
Consulting fees	5,000	30,000
Professional fees	173,965	179,123
Share-based payments	972,879	1,179,994
	$ 1,929,440	$ 2,132,067

As at December 31, 2023, $144,195 (December 31, 2022 – $136,755) 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.

14. 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. The subsequent disposition of these marketable securities in exchange for Argentine pesos gave rise to a gain as the amount received in Argentine peso exceeds the amount of Argentine peso the Company would have received from a direct foreign currency exchange. As a result of having utilized this mechanism for intragroup funding for the year ended December 31, 2023, the Company realized a gain of $11,102,625 (2022 - $11,276,455) from the favorable foreign currency impact.

15. 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, 2023, the Company has four (2022 – four) operating segments.

The Company's reportable segments are based on the geographic region for the Company's operations and include Argentina and Chile. The gains on sale of marketable securities are allocated to Argentina, as they are the result of funding provided to the Company's Argentine subsidiaries.

The segmental report is as follows:

As at December 31, 2023	US	Argentina	Chile	Canada	Total
Current assets	$ 35,627	$ 54,373	$ 393,301	$ 4,807,460	$ 5,290,761
Mineral property interests	-	24,378,362	-	-	24,378,362
Total assets	$ 35,627	$ 24,432,735	$ 393,301	$ 4,807,460	$ 29,669,123
Total liabilities	$ -	$ 81,609	$ 1,024	$ 8,126,536	$ 8,209,169

As at December 31, 2022	US	Argentina	Chile	Canada	Total
Current assets	$ 96,432	$ 363,845	$ 429,261	$15,327,864	$ 16,217,402
Equipment and right-of-use asset	-	11,372	34	-	11,406
Mineral property interests	-	22,901,710	-	-	22,901,710
Total assets	$ 96,432	$ 23,276,927	$ 429,295	$15,327,864	$ 39,130,518
Total liabilities	$ -	$ 163,969	$ 1,489	$ 7,365,417	$ 7,530,875

Year ended December 31, 2023	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 11,102,625	$ -	$ -	$ 11,102,625
Net loss	$ (430,807)	$ (12,407,252)	$ (16,981)	$ (5,938,394)	$ (18,793,434)

Year ended December 31, 2022	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 11,276,455	$ -	$ -	$ 11,276,455
Net (loss) income	$ (167,518)	$ (14,159,278)	$ 18,181	$ (6,595,617)	$ (20,904,232)

(Expressed in Canadian Dollars)

16. Commitments

As at December 31, 2023, the Company has mineral interest commitments at its Diablillos and La Coipita 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, 2024	2025	2026
Diablillos	$ -	$ 1,547,442	$ -
La Coipita	1,322,600	2,380,680	4,629,100
Total mineral interest commitments	1,322,600	3,928,122	4,629,100
Total commitments	$ 1,322,600	$ 3,928,122	$ 4,629,100

17. Restatements

During the year ended December 31, 2022, the Company identified an error in accounting for consideration payable under the Diablillos SPA which resulted in an understatement of mineral property interests, consideration payable, accumulated deficit and accumulated other comprehensive loss as at January 1, 2021, and December 31, 2021. The Company previously disclosed the unpaid remaining consideration of US$7,000,000 as a commitment. The Company has corrected this error by recognizing the remaining consideration payable as at January 1, 2021 of US$7,000,000, discounted at 15% discount rate per annum, with an estimated payment date of July 31, 2025. The Company has also recognized a corresponding addition to mineral property interests since the date of the Diablillos SPA, considering the hyperinflation impact in the Argentine subsidiary. The consideration payable has been accreted.

The Company has restated the comparative figures to correct the impact of this error, as summarized below:

Consolidated statements of financial position as at January 1, 2021:

	As previously stated $	**Adjustment $**	**Restated $**
Mineral property interests	16,762,683	2,172,174	18,934,857
Total assets	34,194,092	2,172,174	36,366,266
Consideration payable	-	4,695,849	4,695,849
Total liabilities	584,144	4,695,849	5,279,993
Accumulated deficit	(25,572,634)	4,678,732	(20,893,902)
Accumulated other comprehensive income (loss)	(2,165,069)	(7,202,407)	(9,367,476)
Total shareholders' equity	33,609,948	(2,523,675)	31,086,273
Total liabilities and equity	34,194,092	2,172,174	36,366,266

(Expressed in Canadian Dollars)

17. Restatements (continued)

Consolidated statements of financial position as at December 31, 2021:

	As previously stated $	Adjustment $	Restated $
Mineral property interests	15,282,499	2,662,065	17,944,564
Total assets	34,661,212	2,662,065	37,323,277
Consideration payable	-	5,361,636	5,361,636
Total liabilities	582,805	5,361,636	5,944,441
Accumulated deficit	(43,747,502)	4,012,945	(39,734,557)
Accumulated other comprehensive income (loss)	2,100,874	(6,712,516)	(4,611,642)
Total shareholders' equity	34,078,407	(2,699,571)	31,378,836
Total liabilities and equity	34,661,212	2,662,065	37,323,277

18. Subsequent events

- Subsequent to December 31, 2023, 4,720,000 warrants with a weighted average strike price of $0.10 were exercised for total proceeds of $472,000.

- Subsequent to December 31, 2023, an aggregate of 2,575,000 stock options were exercised at a weighted average strike price of $0.065 for total proceeds of $167,375.

- Subsequent to December 31, 2023, the Company issued 383,333 shares upon vesting of 383,333 restricted shares units.

- On January 22, 2024 the Company announced that has executed a definitive option and joint venture agreement (the "Agreement") with a subsidiary of Teck Resources Limited ("Teck"), to explore and develop the La Coipita copper-gold project in San Juan, Argentina.

  The Agreement grants Teck an option to acquire an 80% interest in La Coipita by funding cumulative exploration expenditures of US$20,000,000 over a five-year period, making staged cash payments to AbraSilver, and an equity placement in AbraSilver totaling US$3,000,000 (including an initial mandatory payment of US$500,000), and making up to US$6,300,000 in optional cash payments in respect of amounts payable to the underlying Project vendors. Following an initial transition period during which AbraSilver will support field operations, Teck is expected to act as operator for the duration of the Option (please look at note 8(b)).

- On March 28, 2024 the Company announced that the Company has granted an aggregate of 5,680,000 stock options pursuant to its stock option plan ("Stock Option Plan") to directors, officers, employees, advisors and consultants of the Company. The options issued entitle the holder to acquire the same number of common shares of the Company and will be exercisable at a price of $0.355 per common share for a period of five years from the date of grant. The options vest in 25% instalments every 6 months, starting from the date of the grant, and were granted under and are subject to the terms and conditions of the Company's Stock Option Plan.

18. Subsequent events (continued)

- On April 8, 2024, 100,000 warrants expired unexercised.

- On April 18, 2024, 300,000 warrants expired unexercised.

- On April 22, 2024, the Company announced that it has entered into subscription agreements in respect of a strategic $20 million non-brokered private placement of AbraSilver common shares (“Common Shares”) with Kinross Gold Corporation (“Kinross”) (NYSE: KGC, TSX: K) and an affiliate of Central Puerto SA (“Central Puerto”) (NYSE: CEPU) at a subscription price of $0.40 per Common Share (the “Private Placement”).

  Private Placement is expected to occur on or about April 26, 2024 and is subject to certain conditions including, but not limited to, approval by the TSX Venture Exchange (the “TSX-V”).

  The Company will use the proceeds of the Private Placement for exploration and development of the Company’s flagship Diablillos project in Salta Province, Argentina (“Diablillos” or the “Project”) and for working capital and general corporate purposes.

  The highlights of the subscription agreement are:

  - Each of Kinross and Central Puerto have entered into a subscription agreement with AbraSilver pursuant to which they will each invest $10 million, resulting in aggregate gross proceeds of $20 million to the Company. The Company will issue an aggregate of 50,000,000 Common Shares at a subscription price of $0.40 per Common Share, representing approximately a 3% premium to the closing price of the Common Shares on April 19, 2024.
  - Upon closing of the Private Placement, Kinross and Central Puerto will each own approximately 4.0% of the outstanding Common Shares on an undiluted basis.
  - Following completion of the Private Placement, the Company plans to consolidate its Common Shares, on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares.
  - Upon closing of the Private Placement, AbraSilver will enter into an Investor Rights Agreement with each of Kinross and Central Puerto that includes, among other things, standard anti-dilution and equity participation rights and the formation of a Technical Advisory Committee and a Strategic & Operational Committee.
  - Pursuant to the terms of the Investor Rights Agreement with Kinross, AbraSilver and Kinross will form a regional partnership to jointly explore for and acquire new projects in Argentina focused on silver, gold, and copper.

- On April 26, 2024, the Company announced the completion of its previously announced Private Placement. The Company issued 50,000,000 Common Shares at a price of $0.40 per share for aggregate gross proceeds of $20 million. As a result, Kinross and Central Puerto each own approximately 4.0% of the outstanding Common Shares on an undiluted basis.

  All Common Shares issued in connection with the closing of the Private Placement are subject to a four-month-and one-day statutory hold period in accordance with applicable securities laws.

- On April 26, 2024, the Company paid $900,000 in finders fees in connection with the Private Placement completed that day.