ABRASILVER RESOURCE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022

(Expressed in Canadian Dollars)

(UNAUDITED)

ABRASILVER RESOURCE CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	**September 30, 2023 (Unaudited)**	**December 31, 2022 (Audited)**
Assets		
Current assets		
Cash and cash equivalents	$ 4,608,966	$ 13,823,197
Term deposits (*)	2,000,000	2,000,000
Receivables	412,160	296,438
Prepaid expenses	56,332	97,767
Total current assets	7,077,458	16,217,402
Equipment and right-of-use asset	-	11,406
Mineral property interests (note 6)	24,920,267	22,901,710
Total Assets	$ 31,997,725	$ 39,130,518
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	$ 376,312	$ 910,981
Lease liabilities	-	12,528
Total current liabilities	376,312	923,509
Non-Current liabilities		
Consideration payable (notes 8 and 14)	7,322,456	6,607,366
Total Liabilities	7,698,768	7,530,875
Shareholders' Equity		
Share capital (note 9(b))	92,647,880	83,534,280
Reserves (notes 9 (c),(d) and (e))	7,443,832	7,273,915
Accumulated other comprehensive income (loss)	1,185,690	1,430,237
Accumulated deficit	(76,978,445)	(60,638,789)
Total shareholders' equity	24,298,957	31,599,643
Total Liabilities and Equity	$ 31,997,725	$ 39,130,518

(*) The term deposits consist of a guaranteed investment certificates maturing in January 2024.

Nature of operations and going concern (note 1)
Commitments (note 13)
Subsequent events (note 15)

The notes to the unaudited condensed interim 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.

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

	Three months ended September 30, 2023	Three months ended September 30, 2022 (Restated, note 14)	Nine months ended September 30, 2023	Nine months ended September 30, 2022 (Restated, note 14)
Administrative expenses				
Consulting fees (note 10)	$ 77,779	$ 147,054	$ 426,514	$ 423,149
Insurance	32,272	29,576	103,545	82,910
Investor relations	14,817	45,064	111,011	112,373
Depreciation, office and administration	305,878	377,947	1,493,415	1,136,956
Professional fees (note 10)	194,236	142,654	637,030	447,750
Salaries, benefits and director fees (note 10)	157,441	151,764	494,790	464,443
Share-based payments (notes 9 and 10)	437,356	517,417	1,404,218	1,586,160
Transfer agent and filing fees	21,255	33,339	283,847	107,460
Total administrative expenses	1,241,034	1,444,815	4,954,370	4,361,201
Evaluation and exploration expenses (note 7)	3,459,336	6,318,962	21,071,540	18,650,364
Other (income) expenses				
Gain on sale of marketable securities (note 11)	(1,866,005)	(2,957,342)	(9,923,182)	(8,530,196)
Other income	(50,548)	(220,466)	(230,552)	(241,228)
Accretion of consideration payable and lease liabilities (note 8)	251,458	207,587	723,717	622,830
Foreign exchange loss (gain)	63,526	(8,270)	(256,237)	380,057
Loss on net monetary position	-	99,297	-	289,304
Total other income	(1,601,569)	(2,879,194)	(9,686,254)	(7,479,233)
Net loss for the period	3,098,801	4,884,583	16,339,656	15,532,332
Other comprehensive (income) loss:				
Impact of hyperinflation	-	(5,665,018)	-	(12,154,218)
Foreign currency translation adjustment	(458,926)	2,088,518	244,547	5,667,185
Total comprehensive loss for the period	$ 2,639,875	$ 1,308,083	$ 16,584,203	$ 9,045,299
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.03	$ 0.03
Weighted average number of shares outstanding	564,442,800	494,733,621	548,908,859	484,885,102

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

ABRASILVER RESOURCE CORP.

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

	Share Capital Number	Share Capital Amount	Share-based payment reserve	Warrant reserve	Accumulated Other Comprehensive Income (loss) (Restated, note 14)	Accumulated Deficit (Restated, note 14)	Total
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	20,198,921	4,671,516	-	(959,851)	-	-	3,711,665
Expiry of warrants	-	4,383,975	-	(4,383,975)	-	-	-
Share-based payments	-	-	1,586,160	-	-	-	1,586,160
Impact of hyperinflation	-	-	-	-	12,154,218	-	12,154,218
Foreign currency translation adjustment	-	-	-	-	(5,667,185)	-	(5,667,185)
Net loss for the year	-	-	-	-	-	(15,532,332)	(15,532,332)
Balance, September 30, 2022 (Restated)	495,219,083	$ 75,195,438	$ 4,940,620	$ 886,802	$ 1,875,391	$ (55,266,889)	$ 27,631,362
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	33,652,772	7,704,133	-	(704,229)	-	-	6,999,904
Expiry of warrants	-	72,348	-	(72,348)	-	-	-
Vesting of RSU	383,333	143,750	(143,750)	-	-	-	-
Shares issued from exercise of stock options	6,055,625	1,193,369	(313,974)	-	-	-	879,395
Share-based payments	-	-	1,404,218	-	-	-	1,404,218
Foreign currency translation adjustment	-	-	-	-	(244,547)	-	(244,547)
Net loss for the period	-	-	-	-	-	(16,339,656)	(16,339,656)
Balance, September 30, 2023	564,812,365	$ 92,647,880	$ 5,562,210	$ 1,881,622	$ 1,185,690	$ (76,978,445)	$ 24,298,957

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

ABRASILVER RESOURCE CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Nine months ended September 30,	2023	2022 (Restated, note 14)
Operating Activities		
Net loss for the period	$ (16,339,656)	$ (15,532,332)
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	723,717	622,830
Foreign exchange loss (gain)	(221,137)	380,057
Share-based payments	1,404,218	1,586,160
Gain on sale of marketable securities	(9,923,182)	(8,530,196)
Depreciation	11,334	13,411
Changes in non-cash operating working capital:		
Receivables	(115,722)	47,423
Accounts payable and accrued liabilities	(534,669)	(140,482)
Prepaid expenses	41,435	89,337
Cash (used in) operating activities	(24,953,662)	(18,604,260)
Investing Activities		
Additions to mineral interests	(2,047,246)	(434,691)
Disposal from sale of marketable securities	21,888,616	17,148,862
Purchase of marketable securities	(11,965,255)	(9,738,774)
Cash provided by investing activities	7,876,115	6,975,397
Financing Activities		
Proceeds from exercise of warrants	6,999,904	3,711,665
Proceeds from exercise of stock options	879,395	-
Repayment of lease liabilities	(12,919)	(15,253)
Cash provided by financing activities	7,866,380	3,696,412
Foreign exchange effect on cash and cash equivalents	(3,064)	(333,979)
Change in cash and cash equivalents during the period	(9,214,231)	(8,266,430)
Cash and cash equivalents, beginning of the period	13,823,197	19,016,003
Cash and cash equivalents, end of the period	$ 4,608,966	$ 10,749,573
Cash and cash equivalents are comprised of:		
Cash	$ 1,085,957	$ 1,375,802
Cash equivalents	3,523,009	9,373,771
	$ 4,608,966	$ 10,749,573
Non-cash investing and financing activities		
Shares issued for settlement of RSU	$ 143,750	$ -

The notes to the unaudited condensed interim 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 September 30, 2023, the Company had a working capital of $6,701,146 (December 31, 2022 – $15,293,893), has never had profitable operations, had an accumulated deficit at September 30, 2023 of $76,978,445 and expects to continue to incur losses in the development of its business, all of which casts significant doubt on the Company’s ability to continue as a going concern without securing additional future sources of financing. These unaudited condensed interim 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 the 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 unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2022 other than as discussed below.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2023.

3. Change in accounting policy

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

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 unaudited condensed interim consolidated financial statements.

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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements.

4. 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 September 30, 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:

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

(b) Financial risks (continued)

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 unaudited interim 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 September 30, 2023, the Company had a cash and cash equivalents balance of $4,608,966 to settle current liabilities of $376,312.

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 September 30, 2023:

	Years ended December 31,		
	2023	2024	2025
Consideration payable (US$7,000,000)	$ -	$ -	$ 9,464,000
Lease liabilities	-	-	-
Accounts payable and accrued liabilities	376,312	-	-
Total commitments	$ 376,312	$ -	$ 9,464,000

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.

<u>*Price risk*</u>
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.

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

(b) Financial risks (continued)

Market risk (continued)

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 September 30, 2023 are as follows:

Cost	Argentine peso	Chilean peso	US$	C$ equivalent
Cash	8,304,950	198,116,931	118,107	493,064
Accounts payable and accrued liabilities	38,810,023	789,179	70,065	247,087
Lease liabilities	-	-	-	-
Consideration payable	-	-	5,416,018	7,322,456

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 $708,000 decrease or increase in the Company's total comprehensive income or loss.

As at September 30, 2023, US dollar amounts have been translated at a rate of C$1.352 per US dollar; Argentine peso amounts have been translated at C$0.0038 per Argentine peso and Chilean peso amounts have been translated at C$0.0015 per Chilean peso.

5. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

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

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

6. Mineral property interests

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

(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):
    - o the date on which a Diablillos Feasibility Study in respect of all or any part of the Diablillos Concessions has been obtained;
    - o July 31, 2023; and
    - o 90 days after demand by SSRM for payment if (a) 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 8 and 14):
    - o the date on which Commercial Production occurs in respect of all or any part of the Diablillos Concessions (not reached yet); and
    - o 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.

6. 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 September 30, 2023 have not been recognized as a liability. The Company has disclosed the unpaid cash consideration as commitments in note 13.

6. 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 September 30, 2023) to the optionors ("Project Owners").

Cash consideration payable per the letter agreement were as follows:

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

In the event the project is placed into commercial production, the Project Owners shall be entitled to collect 1.1% of the net smelter return ("NSR"), 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 September 30, 2023) to the optionors ("Yeretas Project Owners").

Cash consideration payable per the letter agreement were 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;
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.

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.

(Expressed in Canadian Dollars)

6. Mineral property interests (continued)

	Diablillos Argentina	La Coipita Project	Total
December 31, 2021 (restated)	$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	(28,092)	(597)	(28,689)
September 30, 2023	$23,316,811	$ 1,603,456	$24,920,267

7. Evaluation and exploration expenses

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Diablillos				
Camp costs	$ 415,792	$ 336,203	$ 1,370,225	$ 1,461,401
Drilling	1,841,019	2,179,196	11,517,585	7,155,777
Legal and regulatory fee	23,403	16,732	69,494	45,382
Engineering	76,695	29,987	232,488	70,241
Geology and lab	354,652	628,297	1,439,710	922,014
Personnel costs	175,213	339,002	1,193,787	972,039
Travel and transport	136,225	131,134	331,670	384,490
Administration	270,748	19,841	340,752	94,446
Impact of hyperinflation	-	1,942,606	-	2,927,972
	$ 3,293,747	$ 5,622,998	$ 16,495,711	$ 14,033,762

La Coipita				
Professional and access fees	$ 119,975	$ 54,717	$ 1,137,683	$ 924,862
Drilling	3,127	(120,366)	2,110,215	1,271,493
Camp costs	11,906	48,121	973,138	684,121
Travel and administration	29,709	15,255	270,385	210,031
Geology	109	41,617	74,095	146,822
Impact of hyperinflation	-	657,181	-	1,361,870
	$ 164,826	$ 696,525	$ 4,565,516	$ 4,599,199

(Expressed in Canadian Dollars)

7. Evaluation and exploration expenses (continued)

Arcas project				
Legal and regulatory fee	$ 763	$ (561)	$ 10,313	$ 17,403
	$ 763	$ (561)	$ 10,313	$ 17,403
Total evaluation and exploration expenses	**$ 3,459,336**	**$ 6,318,962**	**$ 21,071,540**	**$ 18,650,364**

8. Consideration payable

	As at September 30, 2023	**As at December 31, 2022**
Opening balance	$ 6,607,366	$ 5,361,636
Accretion	723,246	827,915
Foreign exchange	(8,156)	417,815
Ending balance	$ 7,322,456	$ 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 6 (a).

9. 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%.

9. 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)

9. Share capital (continued)

c) Stock options (continued)

During the three and nine months ended September 30, 2023, the Company recorded $351,801 and $1,133,801, respectively (three and nine months ended September 30, 2022 - $310,314 and $1,001,924, respectively) in share-based expense related to the stock options.

The movement in the Company's share options for the periods ended September 30, 2023 and 2022 are as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	21,495,000	$ 0.17
Expired	(200,000)	0.63
Granted	3,900,000	0.38
Balance, September 30, 2022	25,195,000	$ 0.20
Balance, December 31, 2022	24,345,000	$ 0.19
Exercised	(6,055,625)	0.15
Granted	5,725,000	0.37
Expired	(55,000)	0.20
Balance, September 30, 2023	23,959,375	$ 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 nine months ended September 30, 2023.

Stock options outstanding as at September 30, 2023:

Expiry date	Options outstanding	Exercise price ($)	Remaining contractual life (years)	Options exercisable
October 12, 2023	200,000	0.30	0.03	200,000
March 1, 2024	700,000	0.065	0.42	700,000
June 24, 2024	601,875	0.14	0.73	601,875
January 8, 2025	8,925,000	0.065	1.28	8,925,000
January 25, 2026	3,157,500	0.39	2.32	3,157,500
October 22, 2026	750,000	0.53	3.06	562,500
February 11, 2027	3,700,000	0.38	3.37	2,775,000
May 2, 2025	200,000	0.45	1.59	200,000
February 17, 2028	5,725,000	0.37	4.39	1,431,250
	23,959,375	0.24	2.49	18,553,125

(Expressed in Canadian Dollars)

9. 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
Exercised	(20,198,921)	0.18
Expired	(57,176,365)	0.29
Balance, September 30, 2022	44,765,745	$ 0.20
Balance, December 31, 2022	59,073,820	$ 0.27
Exercised	(33,652,772)	0.21
Expired	(5,140,473)	0.27
Balance, September 30, 2023	20,280,575	$ 0.39

Warrants outstanding as at September 30, 2023:

Expiry date	Warrants outstanding	Exercise price ($)	Remaining contractual life (years)
April 8, 2024	4,090,000	0.10	0.52
April 18, 2024	1,150,000	0.10	0.55
June 6, 2024	1,527,075	0.37	0.68
December 6, 2024	13,513,500	0.50	1.19
	20,280,575	0.39	0.98

On December 6, 2022 in connection with the private placement (note 9(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 9(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)

9. Share capital (continued)

(e) RSU

On January 25, 2021, the Company granted 4,815,000 RSU, including 3,450,000 RSU to officers and directors. The RSU will vest as follow: 33.33% on December 1, 2021; 33.33% on December 1, 2022 and 33.34% on December 1, 2023.

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
Balance, September 30, 2022	4,360,000
Balance, December 31, 2022	2,755,004
Vested and issued	(383,333)
Balance, September 30, 2023	2,371,671

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. The cash payment of $120,483 was based on the price of the Company's common share at $0.385 on the date of settlement and was recognized in share-based payments.

During the nine months ended September 30, 2023, the Company issued 383,333 shares in settlement upon vesting of 383,333 RSUs.

For the three and nine months ended September 30, 2023, the Company recorded $85,555 and $270,417, respectively (three and nine months ended September 30, 2022 - $207,103 and $584,236, respectively) as a stock-based compensation expense relating to the RSUs.

10. 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:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Salaries, benefits and director fees	$ 160,000	$ 146,476	$ 473,521	$ 436,476
Consulting fees	-	7,500	5,000	22,500
Professional fees	43,288	41,909	130,755	125,727
Share-based payments	257,758	238,689	798,648	765,021
	$ 461,046	$ 434,574	$ 1,407,924	$ 1,349,724

As at September 30, 2023, $nil (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.

11. 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 three and nine months ended September 30, 2023, the Company realized a gain of $1,866,005 and $9,923,182, respectively (three and nine months ended September 30, 2022 - $2,957,342 and $8,530,196, respectively) from the favorable foreign currency impact. The gain on sale of marketable securities for the three and nine months ended September 30, 2022 has been adjusted to correct for the application of hyperinflation. This adjustment resulted in an increase of $1,298,067 and $2,092,956, respectively, to the gain on sale of marketable securities and a corresponding decrease to the impact of hyperinflation within the consolidated statement of loss and comprehensive loss (note 14).

12. 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 three and nine months ended September 30, 2023, the Company has four (three and nine months ended September 30, 2022 – four) operating segments.

(Expressed in Canadian Dollars)

12. Segmented information (continued)

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 September 30, 2023	US	Argentina	Chile	Canada	Total
Current assets	$ 116,336	$ 35,310	$ 399,444	$ 6,526,368	$ 7,077,458
Mineral property interests	-	24,920,267	-	-	24,920,267
Total assets	$ 116,336	$ 24,955,577	$ 399,444	$ 6,526,368	$ 31,997,725
Total liabilities	$ -	$ 149,909	$ 1,204	$ 7,547,655	$ 7,698,768

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

Nine Months ended September 30, 2023	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 9,923,182	$ -	$ -	$ 9,923,182
Net loss	$ (349,985)	$ (11,328,121)	$ (17,353)	$ (4,644,197)	$ (16,339,656)

Three Months ended September 30, 2023	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 1,866,005	$ -	$ -	$ 1,866,005
Net loss	$ (81,624)	$ (1,546,370)	$ (12,332)	$ (1,458,475)	$ (3,098,801)

Nine Months ended September 30, 2022	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 8,530,196	$ -	$ -	$ 8,530,196
Net (loss) income (restated, note 14)	$ (90,317)	$ (17,362,244)	$ 7,166	$ 1,913,063	$ (15,532,332)

Three Months ended September 30, 2022	US	Argentina	Chile	Canada	Total
Gain on sale of marketable securities	$ -	$ 2,957,342	$ -	$ -	$ 2,957,342
Net (loss) income (restated, note 14)	$ (69,131)	$ (4,912,229)	$ 60,062	$ 36,715	$ (4,884,583)

(Expressed in Canadian Dollars)

13. Commitments

As at September 30, 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	$ -	$ 1,581,840	$ -
La Coipita	2,028,000	4,461,600	2,028,000
Total mineral interest commitments	2,028,000	6,043,440	2,028,000
Total commitments	$ 2,028,000	$ 6,043,440	$ 2,028,000

14. 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:

Condensed interim consolidated statement of loss and comprehensive loss for the three months ended September 30, 2022:

	As previously stated	**Adjustment**	**Restated**
Accretion of accrued liability	-	206,979	206,979
Foreign exchange loss	(112,724)	104,454	(8,270)
Gain on sale of marketable securities (note 11)	(1,659,275)	(1,298,067)	(2,957,342)
Net loss for the period	5,871,217	(986,634)	4,884,583
Other comprehensive (income) loss:			
Impact of hyperinflation	(6,290,707)	625,689	(5,665,018)
Foreign currency translation adjustment	1,773,724	314,794	2,088,518
Total comprehensive loss for the period	1,354,234	(46,151)	1,308,083

(Expressed in Canadian Dollars)

14. Restatements (continued)

Condensed interim consolidated statement of loss and comprehensive loss for the nine months ended September 30, 2022:

	As previously stated	Adjustment	Restated
Accretion of accrued liability	-	620,936	620,936
Foreign exchange loss	66,695	313,362	380,057
Gain on sale of marketable securities (note 11)	(6,437,240)	(2,092,956)	(8,530,196)
Net loss for the period	16,690,990	(1,158,658)	15,532,332
Other comprehensive (income) loss:			
Impact of hyperinflation	(12,902,419)	748,201	(12,154,218)
Foreign currency translation adjustment	5,037,596	629,589	5,667,185
Total comprehensive loss for the period	8,826,167	219,132	9,045,299

Condensed interim consolidated statement of cash flow for the nine months ended September 30, 2022:

	As previously stated	Adjustment	Restated
Operating activities			
Net loss for the period	(16,690,990)	1,158,658	(15,532,332)
Items not affecting cash:			
Accretion of consideration payable and lease liabilities	1,894	620,936	622,830
Foreign exchange loss	66,695	313,362	380,057
Gain on disposal of marketable securities	(6,437,240)	(2,092,956)	(8,530,196)
Hyperinflation adjustment included in expenses	4,925,150	(2,354,922)	2,570,228
Cash (used in) operating activities	(16,249,338)	(2,354,922)	(18,604,260)
Investing activities:			
Disposal of marketable securities	14,842,123	2,306,739	17,148,862
Purchase of marketable securities	(8,404,883)	(1,333,891)	(9,738,774)
Cash provided by investing activities	6,002,549	972,848	6,975,397
Foreign exchange effect on cash	(1,716,053)	1,382,074	(333,979)
Change in cash and cash equivalents	(8,266,430)	-	(8,266,430)

15. Subsequent events

- Subsequent to September 30, 2023, 120,000 warrants with a weighted average strike price of $0.10 were exercised for total proceeds of $12,000.

- On October 12, 2023, 200,000 vested stock option expired unexercised.