



SILVER BULLET MINES CORP.

Condensed Interim Consolidated Financial Statements

Six months ended December 31, 2023 and 2022

(Unaudited)

(Expressed in Canadian Dollars)

The accompanying condensed interim consolidated financial statements have been prepared by Management of Silver Bullet Mines Corp. and have not been reviewed by the Company's auditors.

SILVER BULLET MINES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023

(Expressed in Canadian Dollars)
(Unaudited)

	December 31, 2023	June 30, 2023
Assets	\$	\$
Current assets		
Cash and equivalents	63,296	7,767
Miscellaneous receivables	24,335	15,865
Prepaid expenses and deposits (Note 4)	104,078	13,285
Total current assets	191,709	36,917
Property, mill and equipment (Note 5)	3,050,831	3,117,614
Total assets	3,242,540	3,154,531
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	991,502	679,785
Convertible debt (Note 6)	304,200	297,900
Note payable (Note 8)	332,553	314,736
Convertible promissory note (Note 7)	618,498	597,244
Total current liabilities	2,246,753	1,889,665
Non-current liabilities		
Loan payable (Note 9)	159,241	-
Total liabilities	2,405,994	1,889,665
Shareholders' equity		
Share capital (Note 11)	12,259,462	12,259,462
Units to be issued (Note 12)	108,800	-
Contributed surplus (Note 13)	1,032,893	828,893
Warrants (Note 14)	2,299,449	2,299,449
Equity component of convertible promissory note (Note 7)	57,193	57,193
Accumulated other comprehensive income	50,583	46,463
Deficit	(14,971,834)	(14,226,594)
Total shareholders' equity	836,546	1,264,866
Total liabilities and shareholders' equity	3,242,540	3,154,531

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 18)
Subsequent events (Note 22)

Approved by the Board of Directors

"John Carter"

Director

"Peter Clausi"

Director

See accompanying notes to the condensed interim consolidated financial statements

SILVER BULLET MINES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Three and six months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2023 \$	Three months ended December 31, 2022 \$	Six months ended December 31, 2023 \$	Six months ended December 31, 2022 \$
Operating Expenses				
Mineral property development expense (Notes 15,16)	112,292	151,698	238,493	896,701
Exploration expense	14,024	13,621	27,578	27,333
General and administrative (Note 16)	113,426	151,807	213,371	323,228
Depreciation expense	32,693	11,984	64,872	23,967
Professional fees	36,859	38,588	63,603	55,888
Finance expense	31,988	31,636	87,077	52,291
Share-based compensation	204,000	-	204,000	-
Total expenses	545,282	399,334	898,994	1,379,408
Loss before other income (expense)	(545,282)	(399,334)	(898,994)	(1,379,408)
Other income (expense)				
Gain on reduction of debt	-	-	153,754	-
Net loss for the period	545,282	399,334	745,240	1,379,408
Other comprehensive income				
Exchange differences arising on translation of foreign operations	(48,886)	55,483	4,120	(95,738)
Comprehensive loss for the period	496,396	454,817	749,360	1,283,670
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Weighted average shares outstanding	64,225,000	64,225,000	63,426,000	64,426,000

See accompanying notes to the condensed interim consolidated financial statements.

SILVER BULLET MINES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

Six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Units to be Issued	Contributed Surplus	Warrants	Equity Component of Convertible Promissory Note	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, June 30, 2022	62,421,962	\$ 11,396,883	\$ -	\$ 928,096	\$2,308,510	\$ -	\$ (1,101)	\$(11,550,050)	\$ 3,082,338
Shares issued for cash	3,444,560	467,000	-	-	221,912	-	-	-	688,912
Share issue costs-cash	-	(19,300)	-	-	-	-	-	-	(19,300)
Share issue costs-finders warrants	-	(6,569)	-	-	6,569	-	-	-	-
Shares issued for cash	595,000	-	119,000	-	-	-	-	-	119,000
Shares issued for debt	236,000	70,800	-	-	30,000	-	-	-	70,800
Share issue costs-cash	-	(854)	-	-	-	-	-	-	(854)
Equity component of convertible promissory note	-	-	-	-	-	57,193	-	-	57,193
Loss for the period	-	-	-	-	-	-	-	(1,379,408)	(1,379,408)
Other comprehensive income	-	-	-	-	-	-	95,738	-	95,738
Balance, December 31, 2022	66,697,522	\$ 11,907,960	\$119,000	\$ 928,096	\$2,536,991	57,193	94,637	\$(12,929,458)	\$ 2,714,419
Shares issued for cash	-	81,000	(119,000)	-	38,000	-	-	-	-
Share issue costs-cash	-	(5,040)	-	-	-	-	-	-	(5,040)
Warrants expired	-	275,542	-	-	(275,542)	-	-	-	-
Options expired	-	-	-	(99,203)	-	-	-	99,203	-
Loss for the period	-	-	-	-	-	-	-	(1,396,339)	(1,396,339)
Other comprehensive loss	-	-	-	-	-	-	(48,174)	-	(48,174)
Balance, June 30, 2023	66,697,522	\$12,259,462	\$ -	\$ 828,293	\$2,299,449	\$ 57,193	\$ 46,463	\$(14,226,594)	\$ 1,264,866
Shares issued for cash	-	-	109,800	-	-	-	-	-	109,800
Share issue costs-cash	-	-	(1,000)	-	-	-	-	-	(1,000)
Share-based compensation	-	-	-	204,000	-	-	-	-	204,000
Loss for the period	-	-	-	-	-	-	-	(745,240)	(745,240)
Other comprehensive income	-	-	-	-	-	-	4,120	-	4,120
Balance, December 31, 2023	66,697,522	\$12,259,462	\$108,800	\$ 1,032,293	\$2,299,449	\$ 57,193	\$ 50,583	\$(14,971,834)	\$ 836,546

See accompanying notes to the condensed interim consolidated financial statements.

SILVER BULLET MINES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Six months ended December 31
(Expressed in Canadian Dollars)
(Unaudited)

	2023	2022
Operating activities	\$	\$
Net loss	(745,240)	(1,379,408)
Items not affecting cash:		
Accretion	53,246	23,026
Depreciation	64,872	23,967
Gain on reduction in debt	(153,754)	-
Unrealized foreign exchange	5,417	8,607
Share-based compensation	204,000	-
Change in non-cash working capital:		
Miscellaneous receivables	(8,470)	(89,936)
Prepaid expenses	(90,793)	62,459
Accounts payable and accrued liabilities	311,717	70,410
Net cash used in operating activities	(359,003)	(1,280,875)
Investing activities		
Additions of property, mill and equipment	-	(78,983)
Net cash used in investing activities	-	(78,983)
Financing activities		
Issuance of promissory note-net	-	619,357
Loan payable	305,550	-
Issuance of common shares	109,800	688,912
Share issue costs	(1,000)	(20,154)
Net cash provided by financing activities	414,350	1,288,115
Foreign exchange effect on cash and cash equivalents	182	133,816
Net change in cash and cash equivalents	55,529	62,073
Cash and cash equivalents, beginning of period	7,767	284,850
Cash and cash equivalents, end of period	63,296	346,923

See accompanying notes to the condensed interim consolidated financial statements.

SILVER BULLET MINES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Bullet Mines Corp. (formerly Pinehurst Capital 1 Inc.) (“Silver Bullet” or the “Company”) was incorporated on July 13, 2018, pursuant to the provisions of the Ontario Business Corporations Act. The registered address of Silver Bullet is 200-3310 South Service Road, Burlington Ontario L7N 3M6. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “SBMI”. The Company trades on the OTCQB under the symbol “SBMCF”.

The Company is engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals in Arizona, Idaho, and Nevada. The Company’s primary focus is the development and operation of its Buckeye Silver Mine located near Globe, Arizona.

On November 12, 2020, Silver Bullet and Silver Bullet Mining Inc. (“Mining” and originally Pinehurst Capital 1 Inc.) entered into an agreement pursuant to which Silver Bullet, contemporaneously with a consolidation of Silver Bullet’s shares, acquired all of the issued and outstanding shares of Mining on a one for one basis resulting in Mining becoming a wholly owned subsidiary of Silver Bullet (the “Transaction”). As a result of the Transaction, Silver Bullet, as the “Resulting Issuer,” continued on with the business of Mining under the name “Silver Bullet Mines Corp.” The Transaction was deemed to be a reverse takeover (“RTO”) as the shareholders of Mining acquired control of the combined entity. The Transaction was completed effective October 15, 2021.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities and commitments in the normal course of business for the foreseeable future, which is at least, but not limited to one year from the reporting date. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These financial statements do not reflect adjustments or classifications which might be necessary if the Company was not able to continue as a going concern.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. The Company anticipates having sufficient funds to meet its development and administrative expenses for at least the next twelve months. The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company will require cash to meet its requirements for administrative overhead, to construct mineral processing facilities, and to conduct exploration of its mineral properties and mineral properties that may be acquired. The Company has historically relied on equity placements to fund its operations and repay its liabilities. Management is actively pursuing financing and alternative funding options and is minimizing discretionary expenditures where prudent. While the Company has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future. The Company had continuing losses for the period ended December 31, 2023 and has an accumulated deficit of \$14,971,834 as at December 31, 2023 (June 30, 2023-\$14,226,594). These conditions and events indicate that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

SILVER BULLET MINES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements for the period ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and should be read together with the Company’s audited financial statements for the year ended June 30, 2023.

The Board of Directors approved the condensed interim consolidated financial statements on February 28, 2024.

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency for Silver Bullet Mines Corp. and Silver Bullet Mining Inc. The functional currency of the Company’s subsidiaries in the United States, is the United States Dollar.

Basis of Consolidation

These unaudited condensed interim consolidated financial statements incorporate the accounts of the Company entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability affect those returns through power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date at which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases.

SILVER BULLET MINES CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

2. BASIS OF PRESENTATION – continued

Basis of Consolidation - continued

Subsidiary	Percentage of ownership	Jurisdiction	Principal activity
Silver Bullet Mining Inc.	100%	Canada	Management activities
Black Diamond Exploration Inc.	100%	United States	Exploration and development
Silver Bullet Holdings Inc	100%	United States	Holding
Silver Bullet Arizona Inc.	100%	United States	Milling and processing
Silver Bullet Idaho Inc.	100%	United States	Exploration and development

Adoption of new accounting standards

At the date of the authorization of these financial statements, several new, but not effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact to the Company's financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Title to mineral property interests

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 and title may be affected by undetected defects.

Functional currency

The determination of an entity's functional currency is a key judgment based on the primary economy environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities. The Company made a determination that its functional currency of its subsidiaries is the United States dollar. Management considered all of the relevant primary and secondary factors in making this determination.

Share-based compensation and warrants

The compensation cost associated with stock options and warrants granted under the terms of the instrument is measured at the grant date by using the Black-Scholes option pricing model to determine fair value. The Black-Scholes model requires the use of subjective estimates, in particular for the estimated life of options and warrants and the expected rate of volatility in the Company's share price over the life of the instrument, which can materially affect the

SILVER BULLET MINES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended December 31, 2023 and 2022

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Share-based compensation and warrants – continued

fair value estimate. The key assumptions used to derive the fair value of options granted in 2023, 2022 and 2021, are detailed in Note 13 to the consolidated financial statements.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as “commercial production”) is a matter of significant judgement. In making this determination, management considers specific facts and circumstances. These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time. The Company determined commercial production has not yet been achieved as the Company has not produced commercial grade silver dore bars.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates the higher of fair value less costs to sell and value in use. Determining the recoverable amount of an asset requires management to make assumptions about future events and circumstances and cash flows. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

SILVER BULLET MINES CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Six months ended December 31, 2023 and 2022**

(Expressed in Canadian Dollars)

(Unaudited)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued*Provisions and contingencies*

Provisions and contingencies arising in the course of operations, including provisions for restoration, rehabilitation and environmental obligations, income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments to the Company's assets when the amounts are determined, or additional information is acquired.

4. PREPAID EXPENSES AND DEPOSITS

	December 31, 2023	June 30, 2023
	\$	\$
Prepaid taxes on mineral property	27,398	8,979
Prepaid mineral property leasing fees	33,100	-
Prepaid liability insurance	32,386	4,306
Other	11,194	-
	104,078	13,285

SILVER BULLET MINES CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

5. PROPERTY, MILL AND EQUIPMENT

	Land	Mill and infrastructure	Equipment		Total
Cost	\$	\$	\$		\$
Balance, June 30, 2022	766,336	1,892,264	479,460	-	3,138,060
Additions	-	24,807	54,176	-	78,983
Translation adjustments	39,131	136,836	(15,729)	-	160,237
Balance, December 31, 2022	805,467	2,053,907	517,907	-	3,377,281
Additions	-	-	66,907	-	66,229
Translation adjustments	(39,300)	(110,128)	21,927	-	(127,501)
Balance, June 30, 2023	775,862	1,968,498	557,468	-	3,301,828
Additions	-	-	-	-	-
Translation adjustments	(818)	24,417	(47,091)	-	(23,492)
Balance, December 31, 2023	775,044	2,012,915	510,377	-	3,281,336
Accumulated depreciation					
Balance, June 30, 2022	-	-	47,852	-	47,852
Additions	-	-	22,967	-	22,967
Translation adjustments	-	-	2,855	-	2,855
Balance, December 31, 2022	-	-	74,674	-	74,674
Additions	-	82,984	41,915	-	124,899
Translation adjustments	-	-	(3,922)	-	(3,922)
Balance, June 30, 2023	-	82,984	101,230	-	184,214
Additions	-	38,923	25,949	-	64,872
Translation adjustments	-	-	(1,581)	-	(1,581)
Balance, December 31, 2023	-	121,907	125,598	-	247,505
Carrying amounts					
Balance, December 31, 2022	855,467	2,053,906	406,075	-	3,302,607
Balance, December 31, 2023	775,044	1,891,008	384,779	-	3,050,831

6. CONVERTIBLE DEBT

During the 2023 fiscal year, the Company received \$225,000 USD pursuant to a supply agreement from a customer to provide 500kg of silver dore bars. The advance of funds is secured by a conditional convertible debenture which is convertible into 1,370,455 common shares of the Company in the event of default under the terms of the supply agreement. The supply agreement required receipt of silver dore bars by July 4, 2023.

SILVER BULLET MINES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. CONVERTIBLE DEBT – continued

The debenture is carried at face value and the conversion feature, which is classified as FVPL, is considered to be immaterial on initial recognition and at December 31, 2023. On July 5, 2023, the Company defaulted on the supply agreement. The Company and the customer continue to negotiate an extension to the agreement. The customer has requested that conversion be deferred subject to an extension of the supply agreement.

7. CONVERTIBLE PROMISSORY NOTE

During the 2023 fiscal year, the Company issued a convertible promissory note with a face value of \$650,000. The unsecured promissory note bears interest at 8% per annum and matures February 9, 2024. The promissory note is convertible into 2,166,667 units of the Company with a unit consisting of one common share and one-half of one common share purchase warrant with a whole warrant exercisable at \$0.35 for a period of forty-eight months from the date of issue.

Values were allocated between the promissory note and the conversion feature. The valuation approach involved estimating the fair value for the promissory notes in the absence of a conversion feature. The Company estimated a market rate of interest rate of 15% for a promissory note without additional features attached. The difference between the face value and the liability component was allocated to the conversion feature. The present value of principal payments of the promissory note plus accrued interest resulted in an allocation of \$589,977 for the promissory note and \$60,023 to the conversion feature. Direct costs in the amount of \$30,643, were allocated between the promissory note and the conversion feature on a relative fair value basis. The liability component is being accreted over the term to maturity using the effective interest method. Accretion in the amount of \$21,254 (2022-\$6,811) was recorded during the period.

8. NOTE PAYABLE

During fiscal 2021, the Company issued a note payable with a face amount of \$319,575 denominated in United States dollars (“USD”) (\$250,000 USD) as partial consideration for the purchase of land in Arizona. The note is non-interest bearing, is unsecured, and due February 2, 2024. A gain on discounting debt in the amount of \$92,038 was recognized as a reduction in the carrying value the property at the date of acquisition resulting from applying the effective interest method with an estimated market rate of interest of 12%. Accretion in the amount of \$18,547 was recorded during the period (2022-\$16,215).

9. LOAN PAYABLE

During the period, the Company entered into a supply agreement with a customer for the supply of silver and/or gold dore bars. The customer has agreed to advance \$350,000 USD as operating capital and the first tranche of \$225,000 USD was received September 1, 2023. The second tranche of \$125,000 USD is to be received upon the receipt by the customer of 500kg of silver dore bars. The \$350,000 USD advance, which is secured by two pieces of equipment, has a term of five years and is non-interest bearing. Repayment at the end of the term may be in cash or silver at the option of the Company. A gain on discounting debt in the amount of \$153,754 was recognized at the date of receipt of funds resulting from applying the effective interest method with an estimated market rate of interest of 15%. Accretion in the amount of \$13,445 was recorded during the period.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

10. FINANCE EXPENSE

	December 31, 2023	June 30, 2023
	\$	\$
Foreign exchange	5,417	15,914
Accretion expense	53,246	68,713
Interest on debt	28,414	56,605
	87,077	141,232

11. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

Transactions fiscal 2024

There were no shares issued during the period.

Transactions fiscal 2023

On July 12, 2022, the Company issued 236,000 common shares at \$0.30 per share in exchange for a reduction in accounts payable of \$70,800.

12. UNITS TO BE ISSUED

During the period, the Company received subscription agreements for 915,000 units of the Company at \$0.12 per unit for gross proceeds of \$109,800. Each unit consists of one common share and common share purchase warrant with one whole share purchase warrant entitling the holder to purchase one common share at \$0.17 for a period of twenty-four months from the date of issue.

13. SHARE-BASED COMPENSATION

The Company has a formal stock option plan under which it is authorized to grant options to directors, officers, employees, and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified.

Vesting terms and conditions are determined by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all regulatory requirements.

On September 27, 2020, the Company granted 3,000,000 options exercisable at \$0.30 for a five-year term. The options vested immediately. An amount of \$262,000 was recognized in share-based payment expense.

During fiscal 2021, the CEO of the Company granted 500,000 stock options, on shares owned by him, to certain officers of the Company exercisable at \$0.16 for a period of five years in exchange for services provided to the Company. The

SILVER BULLET MINES CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Six months ended December 31, 2023 and 2022**

(Expressed in Canadian Dollars)

(Unaudited)

13. SHARE-BASED COMPENSATION - continued

CEO will settle the options by transferring shares of the Company held by him to the optionees. An amount of \$75,000 was recognized in share-based payment expense.

On October 15, 2021, the date of the reverse acquisition, the stock options were considered to be cancelled and re-issued for shares of the resulting issuer. This is a modification of a share-based payment under IFRS 2. The fair value of the options is determined on the date of the transaction, and compared to the fair value on the date immediately prior to the transaction. If there is excess fair value, the excess must be immediately recognized in share-based payment expense in accordance to the remaining vesting period. For instruments that have already vested, the additional expense is recognized immediately. An amount of \$485,473 was recognized in share-based payment expense.

On October 15, 2021, outstanding stock options acquired were consolidated in conjunction with the reverse acquisition on a 2.1429:1 basis resulting in 233,333 stock options exercisable at \$0.21429, of which 166,666 options were exercised and 66,667 options expired, during the year.

On January 5, 2022, the Company granted 428,571 options exercisable at \$0.30 for a five-year term. The options vested immediately resulting in a charge of \$105,623 as share-based payment expense.

On December 1, 2023, the Company granted 428,571 options exercisable at \$0.15 for a five-year term. The options vested immediately, resulting in a charge of \$46,000 as share-based payment expense.

On December 4, 2023, the Company granted 1,350,000 options exercisable at \$0.15 for a five-year term. The options vested immediately, resulting in a charge of \$158,000 as share-based payment expense.

There are no unvested stock options at December 31, 2023.

The following is a continuity of the changes in the number of stock options outstanding:

	Number of options	Weighted average exercise price
		\$
At June 30, 2022	3,428,571	0.30
Granted	-	-
At December 31, 2022	3,428,571	0.30
Granted	-	-
Expired	(428,571)	0.30
At June 30, 2023	3,000,000	0.30
Granted	1,778,571	0.15
At December 31, 2023	4,778,571	0.24

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13. SHARE-BASED COMPENSATION - continued

Stock options outstanding and exercisable as at December 31, 2023:

Exercise price	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life (years)
\$0.30	2,571,429	0.30	1.74
\$0.30	428,571	0.30	3.02
\$0.15	428,571	0.15	4.92
\$0.15	1,350,000	0.15	4.93
Total	4,778,571	0.30	3.04

The weighted average time to expiry for the options outstanding as at December 31, 2023, is 3.04 years (2022- 2.90 years). The weighted average trading price of options exercised is \$nil (2022 – nil).

The fair value of options is estimated at the date of grant using the Black-Scholes option-pricing model using the following assumptions:

	2023
Expected volatility based on comparable companies	167%
Risk free rate	3.18%
Expected dividend yield	Nil
Expected lives	5 years
Expected forfeiture rate	Nil

14. WARRANTS

The following warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance June 30, 2022	17,527,118	0.51
Issued during the period	3,444,560	0.30
Balance December 31, 2022	20,971,678	0.48
Issued during the period	595,000	0.30
Expired during the period	(2,201,778)	0.30
Balance June 30, 2023 and December 31, 2023	19,364,900	0.49

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14. WARRANTS – continued

The fair value of warrants is estimated at the date of issue using the Black-Scholes option-pricing model using the following assumptions:

	2023	2022
Expected volatility based on comparable companies	120%	120%
Risk free rate	3.35%	0.26%
Expected dividend yield	Nil	Nil
Expected lives	2 years	2 years
Expected forfeiture rate	Nil	Nil

The following warrants are outstanding at December 31, 2023:

Number of warrants	Exercise price per warrant	Expiry date
700,638	\$0.50	February 6, 2024
931,629	\$0.50	February 26, 2024
100,000	\$0.50	March 5, 2024
768,691	\$0.50	March 25, 2024
1,884,824	\$0.50	April 5, 2024
1,306,000	\$0.50	April 19, 2024
425,000	\$0.50	May 6, 2024
578,334	\$0.50	May 28, 2024
442,501	\$0.50	June 14, 2024
1,163,794	\$0.50	June 19, 2024
226,671	\$0.50	July 8, 2024
1,910,000	\$0.60	February 18, 2024
2,025,188	\$0.60	March 11, 2024
2,862,070	\$0.60	March 30, 2024
2,235,000	\$0.30	November 3, 2024
1,209,560	\$0.30	December 19, 2024
595,000	\$0.30	March 17, 2025
19,364,900		

In addition, there are 179,130 broker warrants outstanding exercisable at \$0.60 per share and expire between February 18, 2024 and March 30, 2024, and 84,000 broker warrants exercisable at \$0.30 expiring November 3, 2024.

During the 2023 fiscal year, the Company extended 8,528,081 warrants for one year. The extended expiry dates range from February 6, 2024 to July 8, 2024.

15. MINES UNDER DEVELOPMENT**Buckeye Silver Mine**

Silver Bullet holds a lease on the Buckeye Silver Mine which is on patented land located within but separate from, the Black Diamond Property. The lease, which includes two additional non-contiguous claims, is in good standing and is subject to escalating lease payments over the next 14 years (Note 19). In addition, the lease on the Buckeye Silver Mine is subject to a 5% gross royalty return on metal production.

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15. MINES UNDER DEVELOPMENT – continued

Expenses incurred during the periods ended December 31, 2023, with respect to the Buckeye Silver Mine include:

	2023	2022
	\$	\$
Lease expenses	33,100	29,052
Development activities	205,393	780,473
	238,493	809,525

Washington Mine Property

Silver Bullet owns a 100% interest in the Washington Mine Property which consists of 48 ha and is located in Boise County Idaho, USA. The Washington Mine Property was purchased by Silver Bullet in December 2020.

16. EXPLORATION AND EVALUATION PROPERTIES

Black Diamond Property

Silver Bullet holds a 100% interest in the Black Diamond Property which consists of 232 unpatented mineral claims and is located in Gila County near Globe Arizona, USA. The Black Diamond Property was acquired in May 2020 through the acquisition of the shares of Black Diamond Exploration Inc.

Annual payments to the Bureau of Land Management in the amount of \$165 USD per claim are required to maintain the claims in good standing. Exploration and evaluation expenses incurred during the year include only land taxes in the amount of \$26,317 (2023-\$28,381).

Nevada Property

Silver Bullet holds a 100% interest in 12 unpatented mineral claims located in Esmeralda County and Nye County, Nevada, USA. The Nevada Property is subject to annual payments to the Bureau of Land Management of \$165 USD per claim to maintain the claims in good standing. Exploration and evaluation expenses incurred on the Nevada Property during the year include only land taxes in the amount of \$1,361 (2022-\$1,318).

17. RELATED PARTY TRANSACTIONS

Key Management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors of the Company and/or their holding companies.

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17. RELATED PARTY TRANSACTIONS – continued

Key management had the following transactions with the Company:

- Compensation that was paid or payable to key management in the amount of \$238,998 (December 31, 2022-\$210,453)
- The Company incurred share-based compensation expense in the amount of \$163,037 (December 31, 2022-\$nil) for directors and officers.

During the periods ended December 31, 2023 and 2022, Silver Sevens Exploration LLC, an entity controlled by the Company's Vice President Mining, provided administrative services to facilitate payments along with providing sub-contract labour to the Company. For the period ended December 31, 2023, development costs paid to Silver Sevens Exploration LLC in connection with the Company's mineral properties \$223,983 (December 31, 2022-\$802,002).

Included in accounts payable and accrued liabilities is an amount of \$496,851 (June 30, 2022-\$305,365) owing to officers of the Company. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

18. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, foreign currency risk, commodity price risk, interest rate risk and fair value.

(a) Credit risk

Cash consists of bank balances and short-term deposits maturing in one year or less. The Company manages the credit risk related to short-term investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding investment vehicles with higher risks.

The carrying amount of miscellaneous receivables and cash represents the maximum credit exposure. The credit risk associated with miscellaneous receivables is minimized as they are receivable substantially from a government agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

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18. FINANCIAL RISK MANAGEMENT - continued

The following table summarizes the Company's contractual maturities and the timing of cashflows as at December 31, 2023. The amounts presented are undiscounted contractual cash flows and may not agree with the carrying amounts in the consolidated financial statements.

	Up to 1 year \$	1 to 5 years \$	Total \$
Accounts payable and accrued liabilities	901,502	-	901,502
Convertible debt	304,200	-	304,200
Note payable	332,552	-	332,553
Convertible promissory note	650,000	-	650,000
Loan payable	-	304,200	304,200
	2,188,254	304,200	2,492,454

(c) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices, and interest rates and liquidity will affect the Company's value of financial instruments. The objective of market risk management is to mitigate risk exposures within acceptable limits, while maximizing returns.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no variable rate interest-bearing outstanding debt. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

ii. Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Based on management's knowledge and expertise of the financial markets, the Company believes that commodity price risk is low as the Company is not yet a producing entity

iii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain transactions are denominated in United States dollars.

Should the Canadian dollar strengthen or weaken 10% vis-à-vis the United States currency, then a translation gain or loss of approximately \$68,000 (2022-\$21,000) would arise and would be recorded as a current expense.

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18. FINANCIAL RISK MANAGEMENT - continued

The table shows the balances held in US dollars:

	USD	CAD
	\$	\$
December 31, 2023		
Cash and cash equivalents	25,411	33,609
Prepays and deposits	72,060	95,311
Accounts payable	11,126	14,715
Note payable	250,000	332,553
Convertible debt	225,000	304,200
Loan payable	121,664	159,241
Net exposure	(510,319)	(681,789)
	USD	CAD
	\$	\$
December 31, 2022		
Cash and cash equivalents	15,350	20,790
Prepays and deposits	69,3405	96,1819
Accounts payable and accrued liabilities	15,280	20,695
Note payable	224,788	304,453
Net exposure	(155,378)	(208,169)

(d) Fair value

The fair value of cash and cash equivalents, receivables and payables approximate their carrying amounts due to their short-term nature. The fair value of the note payable approximates its carrying amount.

19. CAPITAL MANAGEMENT

The Company manages its shareholders' equity as capital, making adjustments based on available funds, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties to which the Company currently has an interest are in the exploration and development stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties should sufficient geological or economic potential be demonstrated and if the Company has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. The Company is not subject to externally imposed capital requirements. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

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19. CAPITAL MANAGEMENT – continued

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at December 31, 2023, totaled \$1,137,119 (June 30, 2023 - \$1264,866).

There were no changes in the Company's approach to managing capital during the periods ended December 31, 2023 and the year ended June 30, 2023.

20. COMMITMENTS AND CONTINGENCIES

The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Buckeye Lease Agreement

The Buckeye Silver Mine is situated on patented land and is subject to a lease agreement under which the Company is obligated to make lease payments on July 9th each year through 2036 as follows:

Payment Date	USD \$	CAD \$
2024	55,000	72,743
2025	60,000	79,356
2026	65,000	85,969
2027	70,000	92,582
Thereafter	715,000	945,659
	965,000	1,276,309

Lease payments from July 9, 2030 onward are payable at market rates to be negotiated which have been estimated at \$80,000 USD (\$105,806) per annum based on the immediately preceding period.

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21. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition, exploration and development of exploration and evaluation properties in the United States of America. The Company is listed in Canada.

	Canada \$	United States \$	Total \$
As at December 31, 2023			
Current assets	191,709	-	191,709
Property, mill and equipment	-	3,050,831	3,050,831
Total assets	191,709	3,050,831	3,242,540
Total liabilities	2,073,441	332,553	2,405,994

	Canada	United States	Total
As at December 31, 2022			
Current assets	619,671	-	619,671
Property, mill and equipment	-	3,302,607	3,302,607
Total assets	619,671	3,302,607	3,922,278
Total liabilities	903,406	304,453	1,207,859

22. SUBSEQUENT EVENTS

On January 2, 2024, and January 9, 2024, the Company issued 1,923,334 and 819,042 units respectively at \$0.12 per unit for gross proceeds of \$329,085. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.17 for a period of twenty-four months from the date of issue. The Company incurred cash commissions of \$2,604 and issued 21,700 finders warrants in connection with the private placement.

On January 16, 2024, the Company negotiated an extension of the maturity date of the convertible promissory note to June 30, 2024. In connection with the extension, the conversion price was amended to \$0.10 and the interest rate was amended to \$0.11 per annum effective January 1, 2024. All other terms of the promissory note remain unchanged.

On February 6, 2024, and February 26, 2024, warrants in the amount of 700,639 and 931,629 respectively expired.

On February 9, 2024, the Company negotiated an extension of the maturity date of the note payable to August 9, 2024 in exchange for cash consideration of \$20,000 USD.