SILVER BULLET MINES CORP.

(formerly Pinehurst Capital 1 Inc.)

Consolidated Financial Statements

Years ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

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November 9, 2022

Independent auditor's report

To the Shareholders of Silver Bullet Mines Corp.

Opinion

We have audited the financial statements Silver Bullet Mines Corp. (the "Company"), which comprise the statement of financial position as at June 30, 2022, and the statement of loss and comprehensive loss, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $6,072,281 during the year ended June 30, 2022 and that additional funding will be necessary to advance the Company's ongoing operations. This condition, along with the matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 6, 2021.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Grant Thornton LLP

Toronto, Canada
November 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022
(Expressed in Canadian Dollars)

	June 30, 2022	June 30, 2021
Assets	$	$
Current assets		
Cash and equivalents (Note 6)	284,850	3,505,402
Miscellaneous receivables (Note 7)	78,313	206,756
Prepaid expenses and deposits (Note 8)	166,958	271,685
Total current assets	530,121	3,983,843
Property, mill and equipment (Note 9)	3,090,208	1,141,238
Total assets	3,620,329	5,125,081
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	264,021	356,935
Share subscription payable	-	12,000
Total current liabilities	264,021	368,935
Non-current liabilities		
Note payable (Note 11)	273,970	230,127
Total liabilities	537,991	599,062
Shareholders' equity		
Share capital (Note 13)	11,396,883	8,404,108
Contributed surplus (Note 14)	928,096	337,000
Warrants (Note 15)	2,308,510	1,275,476
Accumulated other comprehensive income	(1,101)	-
Deficit	(11,550,050)	(5,490,565)
Total shareholders’ equity	3,082,338	4,526,019
Total liabilities and shareholders’ equity	3,620,329	5,125,081

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 22)
Subsequent events (Note 25)

Approved by the Board of Directors

“John Carter” ___________________________ Director

“J. Birks Bovaird” ___________________________ Director

See accompanying notes to the consolidated financial statements

SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Years ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	2022 $	2021 $
Operating Expenses		
Mineral property development expense (Note 16 and 17)	2,919,630	542,741
Exploration expense	51,935	43,243
General and administrative (Note 19)	1,042,177	395,882
Depreciation expense	47,000	-
Professional fees	243,186	231,793
Finance expense (Note 12)	21,017	339,782
Share-based compensation (Notes 14)	591,096	337,000
Listing expense (Note 5)	1,156,240	-
Net loss for the year	6,072,281	1,890,441
Other comprehensive income		
Exchange differences arising on translation of foreign operations	1,101	-
Comprehensive loss for the year	6,073,382	1,890,441
Basic and diluted loss per share	(0.11)	(0.06)
Weighted average shares outstanding	56,162,000	34,602,000

See accompanying notes to the consolidated financial statements.

SILVER BULLET MINES CORC. (formerly Pinehurst Capital 1 Inc.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
Years ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Contributed Surplus		Warrants		Accumulated Other Comprehensive Income		Accumulated Deficit		Total
Balance, June 30, 2020	30,000,001	$	3,600,001	$	-	$	-	$	-	$	(3,600,124)	$	(123)
									-				
Shares issued for cash	16,602,817		4,053,651		-		927,194		-		-		4,980,845
Conversion of promissory notes	4,403,554		1,045,920		-		292,114		-		-		1,338,034
Share issue costs-cash	-		(246,796)		-		-		-		-		(246,796)
Share issue costs-finders' warrants	-		(56,168)		-		56,168		-		-		-
Shares issued as compensation	25,000		7,500						-				7,500
Share-based compensation	-		-		337,000		-		-		-		337,000
Loss for the year	-		-		-		-		-		(1,890,441)		(1,890,441)
Balance, June 30, 2021	51,031,372	$	8,404,108	$	337,000	$	1,275,476	$	-		(5,490,565)	$	4,526,019
Shares issued for cash	7,250,591		1,862,903		-		992,000		-		-		2,854,903
Shares issued on RTO	2,473,333		742,000		44,784		-		-		-		786,784
Shares issued for services	1,500,000		450,000		-		-		-		-		450,000
Shares issued on exercise of options	166,666		35,715		-		-		-		-		35,715
Share issue costs-cash	-		(88,797)		-		-		-		-		(88,797)
Share issue costs-finders' warrants	-		(41,034)		-		41,034		-		-		-
Share-based compensation	-		-		591,096		-		-		-		591,096
Transfer from contributed surplus on exercise of options and expiration of options	-		31,988		(44,784)		-		-		12,796		-
Loss for the year	-		-		-		-		-		(6,072,281)		(6,072,281)
Other comprehensive loss									(1,101)		-		(1,101)
Balance, June 30, 2022	62,421,962	$	11,396,883	$	928,096	$	2,308,510	$	(1,101)	$	(11,550,050)		3,082,338

See accompanying notes to the consolidated financial statements.

SILVER BULLET MINES CORP. (formerly Pinehurst Capital 1 Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30
(Expressed in Canadian Dollars)

	2022	2021
Operating activities	$	$
Net loss	(6,072,281)	(1,890,441)
Items not affecting cash:		
Accretion	29,303	421,127
Depreciation	47,000	-
Gain on conversion feature	-	(52,928)
Share-based compensation	591,096	337,000
Non-cash compensation	-	7,500
Unrealized foreign exchange	1,440	(14,281)
Listing expense	1,156,240	-
Change in non-cash working capital:		
Miscellaneous receivables	128,443	(23,738)
Prepaid expenses	104,727	(271,685)
Accounts payable and accrued liabilities	(92,915)	220,657
Net cash used in operating activities	(4,106,947)	(1,266,769)
Investing activities		
Cash received on acquisition of Mining	80,544	-
Additions of property, mill and equipment	(1,954,604)	(1,029,206)
Net cash used in investing activities	(1,874,060)	(1,099,206)
Financing activities		
Issuance of promissory notes	-	986,686
Issuance of note payable	-	319,575
Issuance of common shares	2,890,618	4,799,912
Share issue costs	(88,797)	(246,796)
Proceeds of share subscription payable	-	12,000
Net cash provided by financing activities	2,801,821	5,871,377
Foreign exchange effect on cash and cash equivalents	(41,366)	-
Net change in cash and cash equivalents	(3,220,552)	3,505,402
Cash and cash equivalents, beginning of year	3,505,402	-
Cash and cash equivalents, end of year	284,850	3,505,402

See accompanying notes to the consolidated financial statements.

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 year ended June 30, 2022 and has an accumulated deficit of $11,550,050 as at June 30, 2022 (2021-$5,490,565). 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.

1. NATURE OF OPERATIONS AND GOING CONCERN – continued

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. While COVID 19 has caused the Company to alter the way it conducts business, and has resulted in travel being curtailed, especially for Canadian-based management, it has not had any significant adverse effect on operations. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements are presented in accordance 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”). Accounting policies are consistently applied to all periods, unless otherwise stated.

The Board of Directors approved the consolidated financial statements on November 9, 2022.

Basis of Presentation

These 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 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 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Financial assets and liabilities

<u>Financial assets</u>

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and miscellaneous receivables held for collection of contractual cash flows are measured at amortized cost.

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the consolidated statements of loss. Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company does not have any financial assets classified as financial assets at FVPL.

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. The Company does not measure any financial assets at FVOCI.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

The Company's only financial assets subject to impairment are miscellaneous receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Fair value

All financial instruments that are measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1-inputs are unadjusted quoted prices of identical instruments in active markets.
Level 2-inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly.
Level 3-one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs. Financial liabilities recognized in the consolidated statement of financial position include accounts payable and accrued liabilities, and note payable all of which are measured at amortized cost.

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income (expense) in the consolidated statements of loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Exploration and evaluation expenditures

Exploration and evaluation expenditures are expensed as incurred and include costs related to acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory and test activities and conducting engineering, marketing and financial studies.

Mine development expenditures

The mine development policy is to charge expenditures within an area of interest as expense until management concludes that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable. To date, expenditures have been expensed as there is no formal mine plan or NI 43-101 to demonstrate recoverability.

Property, mill and equipment

Property, mill and equipment, which include assets initially recorded at cost including acquisition and installation costs. Property, mill and equipment costs are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation based on the estimated useful life of these assets is calculated as follows:

- Buildings, plant and equipment - straight line basis over ten years

The residual values, useful lives and method of deprecation of property, plant and equipment are reviewed at each reporting period end and adjusted prospectively if appropriate.

Impairment of non-financial assets

At each reporting date the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Such costs related to an exploration and evaluation asset are expensed as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. Any capitalized costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of equity instruments are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Share based payments

The Company applies the fair value method of accounting for share-based payments granted to employees and other individuals providing similar services. The fair value of the options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected forfeiture rate, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Each tranche of an option that vests over time is considered a separate award and the fair value of each tranche is expensed over its vesting timeframe with the corresponding credit to the stock option reserve.

Cash consideration received from employees on exercise of options is credited to share capital along with the original grant date fair value of the options exercised. The value of options that expire or are forfeited is removed from the stock option reserve and charged to deficit.

Warrants

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in the warrant reserve. Cash consideration received on exercise of options is credited to share capital along with the original grant date fair value of the warrants exercised. Expired warrants are removed from the warrant reserve and credited to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the years ended June 30, 2022 and 2021.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Provisions

A provision is recognized in the consolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Provisions - continued

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. At each reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation.

The Company has no material provisions as at June 30, 2022 and 2021.

Compound financial instruments

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The conversion feature of the convertible promissory notes issued does not meet the criteria for equity classification and accordingly, is accounted for as an embedded derivative liability. The embedded derivative liability is valued on the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting period with the changes in fair value recognized in the consolidated statement of loss.

When and if the conversion option is exercised, the value of the embedded derivative along with the carrying value of the liability component will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the embedded derivative will be derecognized.

Transaction costs related to the issue of compound financial instruments are allocated to components in proportion to the initial carrying amounts. Transaction costs relating to an equity component are recognized directly in equity. Transaction costs related to an embedded derivative are expensed. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. The foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign Currency Translation - continued

The assets and liabilities of the Company's foreign operations that have a functional currency different from Silver Bullet are translated into Canadian dollars using the exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transaction are used. Exchange differences arising, if any, are recognized in other comprehensive income as cumulative translation adjustments.

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.

Accounting standards issued but not yet effective

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date and clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The amendments are effective for annual periods beginning on January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

IFRS 3 – Business Combinations ("IFRS 3") was amended to introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022. The Company does not anticipate the adoption of this amendment will have a material change on current practice.

IAS 37-Provisions, Contingent Liabilities and Contingent Assets was amended to clarify the guidance regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' and clarifies that costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company is assessing the impact the amendments will have on current practice.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Accounting standards issued but not yet effective - continued

IAS-16 Property, Plant and Equipment was amended prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (i.e. pre-production revenue). Instead, a company will recognize such sales proceeds and related cost in the consolidated statement of comprehensive income (loss). The amendment is effective for annual periods beginning on or after January 1, 2022. The Company is currently assessing the impact from this amendment on the consolidated financial statements as a result of the initial application.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

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.

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.

(Expressed in Canadian Dollars)

5. REVERSE ACQUISITION

As described in Note 1, effective October 15, 2021, the Company and Mining completed a Transaction which constituted a reverse acquisition. The Company issued 51,484,705 common shares to the shareholders of Mining on a one-to-one basis.

As a result of the Transaction, the shareholders of Mining obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities.

For accounting purposes, Mining, the legal subsidiary, was treated as the accounting parent company and Silver Bullet Mines Corp., the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As Mining was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Silver Bullet Mines Corp. results of operations have been included since October 15, 2021.

Consideration paid:	$
Fair value of 2,473,333 common shares of the Company at $0.30 per share	742,000
Fair value of 233,333 replacement stock options issued	44,784
Fair value of 1,500,000 common shares of the Company issued as finder's fee at $0.30 per share	450,000
	1,236,784

Net tangible assets (estimated fair value) acquired:	
Cash	80,544
	80,544

At the time of the Transaction, Silver Bullet's assets consisted primarily of cash and it did not have any processes capable of generating outputs: therefore Silver Bullet did not meet the definition of a business. Accordingly, as Silver Bullet did not qualify as a business in accordance with IFRS 3 *Business Combinations,* the Transaction did not constitute a business combination. The Transaction constituted a reverse acquisition of Silver Bullet by Mining and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2 *Share-based payments* and IFRS 3 *Business combinations*.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired together with the fair value of options issued to Silver Bullet shareholders, and additional transaction costs are expensed as a listing expense.

(Expressed in Canadian Dollars)

5. REVERSE ACQUISITION - continued

The fair value of the common shares amounted to $742,000, based on the shares issued in a concurrent financing of Mining's units at the time of the Transaction of $0.30 per unit. The fair values of the stock options were determined using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, expected volatility of 120% based on historical volatility of comparable entities, estimated forfeiture rate, risk free interest rate of 0.27%, and an expected life of 1 years at a share price of $0.30.

	$
Consideration paid	1,236,784
Net tangible assets acquired	(80,544)
	1,156,240

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at banks and on hand earn interest at floating interest rates based on daily deposit rates. As at June 30, 2022 the Company held $231,014 in term deposits (2021-$2,500,000).

7. MISCELLANAEOUS RECEIVABLES

Miscellaneous receivables are comprised of refundable sales tax of $58,313 as at June 30, 2022 (2021-$25,823) and funds with respect to units issued during the year of $20,000 as at June 30, 2022 (2021-$180,933).

8. PREPAID EXPENSES AND DEPOSITS

	June 30, 2022	**June 30, 2021**
	$	$
Prepaid taxes on mineral property	8,657	8,649
Prepaid mineral property leasing fees	-	51,076
Prepaid marketing costs	117,244	201,960
Deposit paid to TSX Venture Exchange (TSXV)	-	10,000
Prepaid liability insurance	26,849	-
Other	14,208	-
	166,958	**271,685**

9. PROPERTY, MILL AND EQUIPMENT

	Land	Mill and infrastructure	Equipment	Deposit on equipment	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance, June 30, 2020	**-**	**-**	**-**	**-**	**-**
Additions	752,695	63,467	78,692	246,384	1,141,238
Transfers	-	-	-	-	-
Translation adjustments	-	-	-	-	-
Balance, June 30, 2021	**752,695**	**63,467**	**78,692**	**246,384**	**1,141,238**
Additions	-	1,548,730	392,233	-	1,940,963
Transfers	-	246,384	-	(246,384)	-
Translation adjustments	13,641	33,683	8,535	-	55,859
Balance, June 30, 2022	**766,336**	**1,892,264**	**479,460**	**-**	**3,138,060**
Accumulated depreciation					
Balance, June 30, 2020	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-
Translation adjustments	-	-	-	-	-
Balance, June 30, 2021	**-**	**-**	**-**	**-**	**-**
Additions	-	**-**	47,000	-	47,000
Translation adjustments	-	-	852	-	852
Balance, June 30, 2022	**-**	**-**	**47,852**	**-**	**47,852**
Carrying amounts					
Balance, June 30, 2021	**752,695**	**63,467**	**78,692**	**246,384**	**1,141,238**
Balance, June 30, 2022	**766,336**	**1,892,264**	**431,608**	**-**	**3,090,208**

Depreciation has been recorded for certain equipment only as mill and infrastructure assets are not yet available for use.

10. CONVERTIBLE PROMISSORY NOTES

During fiscal 2021, the Company issued non-interest bearing convertible promissory notes with a face value of $979,368 of which $974,368 of the promissory notes were denominated in United States dollars ("USD") ($765,000 USD). The unsecured promissory notes matured on the earlier of (i) two years from the date of issue; and (ii) the closing of a financing of not less than $2,000,000 by the Company. The promissory notes had a conversion price of 25% less than the offering price of the common shares of the Company on the TSXV or other stock exchange (the "Conversion Price"). The promissory notes were convertible into 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 the Conversion Price for a period of twenty-four months from the date of conversion. The conversion feature was exercisable by holder at any time and the promissory notes would convert into units automatically upon maturity of the notes.

10. CONVERTIBLE PROMISSORY NOTES - continued

Values were allocated between the promissory notes 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 20% 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 conversion feature met the definition of a derivative liability as on conversion, a variable quantity of shares would be issued. The present value of principal payments of the promissory notes resulted in an allocation of $554,123 for the promissory notes and $432,564 to the conversion feature (see Note 12). The liability component was accreted over the term to maturity using the effective interest method. The convertible promissory notes were converted to equity effective February 17, 2021. A gain on conversion in the amount of $52,928 was recognized in the consolidated statement of loss and comprehensive loss. See Note 12.

11. 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 is 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 $29,302 was recorded during the year (2021-$9,553).

12. FINANCE EXPENSE

	June 30, 2022	**June 30, 2021**
	$	**$**
Foreign exchange	(8,286)	(28,437)
Accretion expense	29,303	421,147
Gain on conversion feature	-	(52,928)
	21,017	**339,782**

13. SHARE CAPITAL

Authorized

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

Transactions 2022

On July 8, 2021, the Company issued 453,333 units at a price of $0.30 per unit, with each unit consisting of one common share and one-half common share purchase warrant with one whole share purchase warrant entitling the holder to purchase one common share for $0.50 for a period of twenty-four months. The value of these warrants was estimated to be $30,000 using the Black-Scholes option pricing model under the assumptions detailed in Note 14.

13. SHARE CAPITAL - continued

On February 18, 2022, March 11, 2022, and March 30, 2022, the Company issued 1,910,000, 2,025,188, and 2,862,070 units respectively at $0.40 per unit for gross proceeds of $2,718,903. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share for $0.60 for a period of twenty-four months from the date of issue. The value of these warrants was estimated to be $962,000 using the Black-Scholes option pricing model under the assumptions detailed in Note 15. The Company incurred cash costs of $88,797 and issued 179,130 broker warrants with an estimated fair value of $41,034 using the Black-Scholes option pricing model under the assumptions detailed in Note 15.

The Company issued 1,500,000 common shares at $0.30 in exchange for services.

During the year, the Company issued 166,666 shares on the exercise of stock options at $0.21429 per share for gross proceeds of $35,715.

Transactions 2021

The Company issued 16,602,817 units at $0.30 per unit for gross proceeds of $4,980,845. Each unit consists of one common share and one-half common share purchase warrant with one whole share purchase warrant entitling the holder to purchase one common share for $0.50 for a period of twenty-four months from the date of issue. The value of these warrants was estimated to be $927,194 using the Black-Scholes option pricing model under the assumptions detailed in Note 15.

The Company issued 4,403,554 units at $0.225 per unit upon conversion of convertible promissory notes with each unit consisting of one common share and one-half share purchase warrant with one whole share purchase warrant entitling the holder to purchase one common share for $0.30 for a period of twenty-four months from the date of issue. The carrying value of the promissory note along with the carrying value of the promissory note conversion feature were transferred to share capital and warrants. The value of these warrants was estimated to be $292,114 using the Black-Scholes option pricing model under the assumptions detailed in Note 15. The Company incurred cash expenses of $246,796 and issued 503,299 broker warrants with an estimated fair value of $56,168 using the Black-Scholes option pricing model under the assumptions detailed in Note 15.

The Company issued 25,000 shares at $0.30 per share as compensation to an officer of the Company.

14. 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.

(Expressed in Canadian Dollars)

14. SHARE-BASED COMPENSATION - continued

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 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.

There are no unvested stock options at June 30, 2022.

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, 2020	Nil	Nil
Granted	3,000,000	0.30
At June 30, 2021	**3,000,000**	**0.30**
Granted	233,333	0.21
Granted	428,571	0.30
Exercised	(166,666)	0.21
Expired	(66,667)	0.21
At June 30, 2022	**3,428,571**	**0.30**

Stock options outstanding and exercisable as at June 30, 2022:

Exercise price	**Number of options**	**Weighted average exercise price $**	**Weighted average remaining contractual life (years)**
$0.30	3,000,000	0.30	3.25
$0.30	478,571	0.30	4.52
Total	**3,428,571**	**0.30**	**3.41**

The weighted average time to expiry for the options outstanding as at June 30, 2022, is 3.41 years (2021-4.25 years). The weighted average trading price of options exercised is $0.213 (2021 – nil).

(Expressed in Canadian Dollars)

14. SHARE-BASED COMPENSATION - continued

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

	2022	2021
Expected volatility based on comparable companies	120%	120%
Risk free rate	1.04%	0.27%
Expected dividend yield	Nil	Nil
Expected lives	5 years	5 years
Expected forfeiture rate	Nil	Nil

The weighted average fair value per option granted during the year ended June 30, 2022 was $0.29 (2021 - $0.30).

15. 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, 2020	-	0.00
Issued during the year	10,503,189	0.46
Balance June 30, 2021	**10,503,189**	**0.46**
Issued during the year	226,671	0.50
Issued during the year	6,797,258	0.60
Balance June 30, 2022	**17,527,118**	**0.51**

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

	2022	**2021**
Expected volatility based on comparable companies	120%	120%
Risk free rate	0.26%	0.26%
Expected dividend yield	Nil	Nil
Expected lives	2 years	2 years
Expected forfeiture rate	Nil	Nil

(Expressed in Canadian Dollars)

15. WARRANTS – continued

The following warrants are outstanding at June 30, 2022:

Number of warrants	Exercise price per warrant	Expiry date
700,638	$0.50	February 6, 2023
931,629	$0.50	February 26, 2023
157,778	$0.30	February 26, 2023
337,333	$0.30	March 5, 2023
100,000	$0.50	March 5, 2023
1,706,667	$0.30	March 25, 2023
768,691	$0.50	March 25, 2023
1,884,824	$0.50	April 5, 2023
1,306,000	$0.50	April 19, 2023
425,000	$0.50	May 6, 2023
578,334	$0.50	May 28, 2023
442,501	$0.50	June 14, 2023
1,163,794	$0.50	June 19, 2023
226,671	$0.50	July 8, 2023
1,910,000	$0.60	February 18, 2024
2,025,188	$0.60	March 11, 2024
2,862,070	$0.60	March 30, 2024
17,527,118		

In addition, there are 503,299 broker warrants outstanding exercisable at $0.50 per share and expire between February 6, 2023 and June 29, 2023, and 179,130 broker warrants outstanding exercisable at $0.60 per share and expire between February 18, 2024 and March 30, 2024.

16. 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 18). In addition, the lease on the Buckeye Silver Mine is subject to a 5% gross royalty return on metal production.

Expenses incurred during the years ended June 30, 2022 with respect to the Silver Bullet Silver Mine include:

	2022	**2021**
	$	**$**
Lease expenses	51,076	47,443
Development activities	2,829,177	495,298
	2,880,253	**542,741**

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.

(Expressed in Canadian Dollars)

17. 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 $49,429 (2021-$40,714).

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 $2,506 (2021-$2,529).

18. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2022 $	2021 $
Statutory income tax rate	26.5%	26.5%
Loss for the year	(6,072,281)	(1,890,441)
Income tax recovery at statutory rate	(1,609,054)	(500,967)
Tax effect of:		
Tax rate differences	611,169	-
Non-deductible expenses	164,405	186,883
Other temporary differences	(3,873)	-
Change in unrecognized deferred income tax assets	837,452	314,084
Income tax provision	-	-

The significant components of unrecognized temporary differences are as follows

	2022 $	2021 $
Deductible temporary differences		
Non-capital losses carried forward	5,545,000	1,229,000
Share issue costs	225,000	175,000
Total deductible temporary differences	**5,770,000**	**1,404,000**

As at June 30, 2022, the Company has non-capital losses carried forward of $5,545,000 (2021-$1,229,000) which are available to offset future years' taxable income. The losses expire in 2040 ($2,000), 2041 (1,227,000) and 2042 ($4,316,000).

19. 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.

Key management had the following transactions with the Company:

- Compensation that was paid or payable to key management in the amount of $646,877 (June 30, 2021-$242,500)
- Share-based compensation totalling $105,623 (2021-$337,000) was granted to key management during the year.

During the years ended June 30, 2022 and 2021, 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 year ended June 30, 2022, development costs paid to Silver Sevens Exploration LLC in connection with the Company's mineral properties $2,792,231 (June 30, 2021-$470,951).

Included in accounts payable and accrued liabilities is an amount of $41,497 (June 30, 2021-$12,255) owing to officers of the Company. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

20. 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 it capital structure.

20. FINANCIAL RISK MANAGEMENT - continued

The following table summarizes the Company's contractual maturities and the timing of cashflows as at June 30, 2022. 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	264,021	-	264,021
Note payable	-	322,150	322,150
	264,021	**322,150**	**586,171**

(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 $20,000 (2021-$28,000) would arise and would be recorded as a current expense.

20. FINANCIAL RISK MANAGEMENT - continued

The table shows the balances held in US dollars:

June 30, 2022	USD $	CAD $
Cash and cash equivalents	1,700	2,190
Prepaids and deposits	74,464	94,871
Accounts payable	24,110	30,670
Note payable	208,826	269,093
Net exposure	(156,772)	(202,702)

June 30, 2021	USD $	CAD $
Cash and cash equivalents	258,311	320,151
Prepaids and deposits	247,062	313,871
Accounts payable and accrued liabilities	100,246	122,695
Note payable	185,676	230,127
Net exposure	219,451	281,200

(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.

21. 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 stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration 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.

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at June 30, 2022, totaled $3,082,338 (2021 - $4,526,019).

(Expressed in Canadian Dollars)

21. CAPITAL MANAGEMENT – continued

There were no changes in the Company's approach to managing capital during the years ended June 30, 2022 and June 30, 2021.

22. 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 $**
2023	50,000	64,430
2024	55,000	70,873
2025	60,000	77,316
2026	65,000	83,759
Thereafter	785,000	1,011,551
	1,015,000	**1,307,929**

Lease payments from July 9, 2030 onward are payable at market rates to be negotiated which have been estimated at $80,000 USD ($90,755) per annum based on the immediately preceding period. The lease payment for July 9, 2022 was prepaid.

(Expressed in Canadian Dollars)

23. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition, exploration and development of exploration and evaluation properties. The Company has exploration and evaluation properties located in two geographical areas, Canada, and the United States of America.

As at June 30, 2022	Canada $	United States $	Total $
Current assets	530,121	-	530,121
Property, mill and equipment	-	3,090,208	3,090,208
Total assets	530,121	$ 3,090,208	3,620,329
Total liabilities	539,991	-	537,991

As at June 30, 2021	Canada	United States	Total
Current assets	3,983,843	-	3,983,843
Property, mill and equipment	1,141,238	-	1,141,238
Total assets	5,125,081	-	5,125,081
Total liabilities	599,062	-	599,062

24. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of the Company. The reclassification relates to exploration and development expenditures in the Consolidated Statements of Loss and Comprehensive Loss.

25. SUBSEQUENT EVENTS

On July 12, 2022, the Company issued 236,000 common shares to extinguish accounts payable and accrued liabilities of $70,800.

On August 9, 2022, the Company issued a convertible debenture with a face value of $650,000. The convertible debenture bears interest at 8%, is convertible into 2,166,667 units at $0.30 per unit and matures February 9, 2024. Each unit into which the debenture is convertible consists of one common share and one-half share purchase warrant with each whole warrant exercisable at $0.35 for a period of forty-eight months from the date of issue of the debenture.

On October 21, 2022, the Company announced a private placement financing of 3,000,000 units at $0.20 per unit for gross proceeds of $600,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.30 for a period of twenty-four months from the date of issue. As part of the private placement, the

25. SUBSEQUENT EVENTS – continued

Company has issued 2,235,000 units for gross proceeds of $447,000 and incurred cash costs of $16,800 and issued 84,000 broker warrants on the same terms as the warrants included in the private placement.