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**SILVER STORM MINING LTD.  
(FORMERLY GOLDEN TAG RESOURCES LTD.)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED  
MARCH 31, 2024 AND THE TWELVE MONTH  
PERIOD ENDED DECEMBER 31, 2022  
(EXPRESSED IN CANADIAN DOLLARS)**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of Silver Storm Mining Ltd.

## Opinion

We have audited the consolidated financial statements of Silver Storm Mining Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the fifteen-month period then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the fifteen-month period then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 to the financial statements, which indicates that the Company incurred a net loss of \$9,593,488 during the fifteen-month period ended March 31, 2024 and, as of that date, the Company's current liabilities exceeded its current assets by \$3,596,175. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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In addition to the matter described in the Material Uncertainty Related to Going Concern section. We have determined the matter described below to be key audit matters to be communicated in our auditor’s report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>Acquisition of the La Parrilla Property</p> <p>The Company’s disclosures related to the acquisition of the La Parrilla Property are included in Note 5.</p> <p>During the fifteen-month period ended March 31, 2024, the Company acquired the net assets of the La Parrilla Property. The acquisition was accounted for as an asset acquisition whereby the cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liability incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in an asset acquisition are measured by allocating their costs on a relative fair value basis at the acquisition date.</p> <p>While there are several assumptions and estimates that go into determining the fair values, the judgements with the highest degree of subjectivity are discount rates, valuation multiples, and appraised fair values of assets.</p> <p>We consider this a key audit matter due to the significant management estimates and judgements required in determining the fair value of the consideration paid and the identification and allocation of the purchase price to the identified assets acquired and liabilities assumed. Auditing the estimates of the fair value amounts required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort including the involvement of valuation specialists.</p>	<p>In obtaining sufficient audit evidence, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Inspected the purchase agreement and the key terms and conditions associated with the acquisition.</li> <li>• Evaluated the appropriateness of the accounting for the acquisition as an asset acquisition.</li> <li>• With the assistance of valuation specialists, <ul style="list-style-type: none"> <li>○ Assessed the appropriateness of valuation methodologies used.</li> <li>○ Evaluated the reasonableness of the assumptions applied.</li> <li>○ Tested the determination of the discount rates and performed sensitivity analysis.</li> <li>○ Tested the mathematical accuracy of the valuation calculations.</li> </ul> </li> <li>• Evaluated the identification of the assets acquired.</li> <li>• Assessed the adequacy of the disclosures in the financial statements.</li> </ul>

### Other Matter

The financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 25, 2023.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

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 identified above 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.

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

## **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, 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.

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

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

A handwritten signature in black ink that reads "DMCL." The letter "D" is large and stylized, with a vertical line through it. The letters "M", "C", and "L" are smaller and more standard in style. A period follows the "L".

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

November 7, 2024

# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

	As at March 31, 2024	As at December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 6)	\$ 1,206,905	\$ 6,605,991
Restricted cash (note 7)	61,611	-
Marketable securities (note 8)	42,000	49,000
Sales taxes receivable (note 9)	121,744	112,674
Prepaid expenses and other assets (note 10)	791,773	326,568
<b>Total current assets</b>	<b>2,224,033</b>	<b>7,094,233</b>
<b>Non-current assets</b>		
Restricted cash (note 7)	53,310	-
Sales taxes receivable (note 9)	527,288	-
Inventories (note 11)	1,022,286	-
Property, plant and equipment (note 12)	13,344,231	-
Right-of-use assets (note 13)	1,629,588	-
Other long-term assets	99,077	-
Mining interests (note 14)	15,307,787	-
<b>Total assets</b>	<b>\$ 34,207,600</b>	<b>\$ 7,094,233</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 15)	\$ 1,528,738	\$ 441,481
Due to First Majestic Silver Corp. (note 5)	3,927,889	-
Lease obligations (note 16)	363,581	-
<b>Total current liabilities</b>	<b>5,820,208</b>	<b>441,481</b>
<b>Non-current liabilities</b>		
Lease obligations (note 16)	1,369,022	-
Decommissioning liabilities (note 17)	7,403,422	-
Contingent consideration (note 18)	272,384	-
<b>Total liabilities</b>	<b>14,865,036</b>	<b>441,481</b>
<b>Equity</b>		
Share capital (note 19)	50,284,705	28,821,512
Shares to be issued (note 29)	57,198	-
Options reserves (note 20)	1,952,885	2,983,559
Warrant reserves (note 19)	732,681	762,151
Accumulated other comprehensive income	433,701	301,877
Deficit	(34,118,606)	(26,216,347)
<b>Total equity</b>	<b>19,342,564</b>	<b>6,652,752</b>
<b>Total equity and liabilities</b>	<b>\$ 34,207,600</b>	<b>\$ 7,094,233</b>

Nature of operations and going concern (note 1)

Contingencies and commitments (note 27)

Subsequent events (note 29)

**Approved on behalf of the Board of Directors:**

"Talal Chehab", Director

"Dwayne Melrose", Director

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

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**Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)****Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

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	<b>Fifteen Months Ended March 31, 2024</b>	<b>Twelve Months Ended December 31, 2022</b>
<b>Operating expenses</b>		
Administrative costs	\$ 239,808	\$ 69,213
Foreign exchange gain	(118,193)	(154,591)
Listing, filing and transfer agency fees (note 24)	133,665	81,778
Management, consulting fees and directors' fees (note 24)	1,695,714	844,365
Mineral property expenses (note 14)	5,307,917	1,148,146
Professional fees (note 24)	607,310	339,951
Promotion costs	617,820	190,791
Rent	-	137,407
Salaries	157,046	259,660
Investor relations	157,994	46,308
Project investigation costs	621,866	-
<b>Total operating expenses</b>	<b>9,420,947</b>	<b>2,963,028</b>
Accretion	233,001	-
Depreciation (note 13)	225,417	-
Finance cost (note 16)	50,144	-
Finance income	(190,403)	(83,552)
Rent	(152,618)	-
Unrealized loss on change in fair value of marketable securities (note 8)	7,000	-
<b>Net loss</b>	<b>\$ (9,593,488)</b>	<b>\$ (2,879,476)</b>
<b>Other comprehensive income (loss)</b>		
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translating foreign operations	\$ 131,824	\$ (130,890)
<b>Other comprehensive income (loss)</b>	<b>131,824</b>	<b>(130,890)</b>
<b>Total comprehensive loss</b>	<b>\$ (9,461,664)</b>	<b>\$ (3,010,366)</b>
<b>Basic and diluted loss per share (note 21)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>307,747,246</b>	<b>210,936,292</b>

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

## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	Fifteen Months Ended March 31, 2024	Twelve Months Ended December 31, 2022
<b>Operating activities</b>		
Net loss	\$ (9,593,488)	\$ (2,879,476)
Non-cash items:		
Depreciation (notes 12 and 13)	369,805	-
Finance cost (note 16)	(50,144)	-
Accretion (notes 5, 16 and 17)	837,653	-
Foreign exchange gain	(113,951)	(111,364)
Unrealized loss on change in fair value of marketable securities (note 8)	7,000	-
Changes in working capital items (note 23)	(321,890)	(573,403)
<b>Net cash used in operating activities</b>	<b>(8,865,015)</b>	<b>(3,564,243)</b>
<b>Investing activities</b>		
Purchase of La Parrilla Property (note 5)	(3,163,751)	-
<b>Net cash used in investing activities</b>	<b>(3,163,751)</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from shares to be issued (note 29)	57,198	-
Proceeds from private placements (note 19)	7,078,522	3,250,000
Share issue costs (note 19)	(190,248)	(70,409)
Proceeds from options exercised (note 20)	120,000	25,000
Proceeds from warrants exercised (note 19)	-	667,606
Lease obligation payments (note 16)	(435,792)	-
<b>Net cash provided by financing activities</b>	<b>6,629,680</b>	<b>3,872,197</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,399,086)</b>	<b>307,954</b>
<b>Effect of change in foreign exchange rate on cash</b>	<b>-</b>	<b>(19,526)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>6,605,991</b>	<b>6,317,563</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,206,905</b>	<b>\$ 6,605,991</b>
<b>Cash</b>	<b>\$ 832,364</b>	<b>\$ 567,896</b>
<b>Cash equivalents</b>	<b>374,541</b>	<b>6,038,095</b>
<b>Cash and cash equivalents</b>	<b>\$ 1,206,905</b>	<b>\$ 6,605,991</b>
<b>Supplementary cash flow information</b>		
Shares issued for acquisition of La Parrilla (note 5)	\$ 15,086,004	\$ -
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

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

	Number of shares	Share capital	Shares to be issued	Options reserves	Warrants reserves	Accumulated other comprehensive income	Deficit	Total
<b>Balance, December 31, 2021</b>	<b>194,325,157</b>	<b>\$ 25,431,648</b>	<b>\$ -</b>	<b>\$ 3,017,631</b>	<b>\$ 2,318,071</b>	<b>\$ 432,767</b>	<b>\$(25,409,196)</b>	<b>\$ 5,790,921</b>
Private placement	13,000,000	3,250,000	-	-	-	-	-	3,250,000
Warrants	-	(762,151)	-	-	762,151	-	-	-
Share issue costs	-	(70,409)	-	-	-	-	-	(70,409)
Options exercised	500,000	42,036	-	(17,036)	-	-	-	25,000
Options expired	-	-	-	(17,036)	-	-	17,036	-
Warrants exercised	8,999,409	930,388	-	-	(262,782)	-	-	667,606
Warrants expired	-	-	-	-	(2,055,289)	-	2,055,289	-
Net loss and comprehensive loss	-	-	-	-	-	(130,890)	(2,879,476)	(3,010,366)
<b>Balance, December 31, 2022</b>	<b>216,824,566</b>	<b>28,821,512</b>	<b>-</b>	<b>2,983,559</b>	<b>762,151</b>	<b>301,877</b>	<b>(26,216,347)</b>	<b>6,652,752</b>
Private placement	35,392,610	7,078,522	-	-	-	-	-	7,078,522
Warrants	-	(707,854)	-	-	707,854	-	-	-
Share issue costs	-	(215,076)	-	-	24,828	-	-	(190,248)
Options exercised	1,500,000	221,597	-	(101,597)	-	-	-	120,000
Acquisition - La Parrilla	143,673,684	15,086,004	-	-	-	-	-	15,086,004
Options cancelled	-	-	-	(929,077)	-	-	929,077	-
Warrants expired	-	-	-	-	(762,152)	-	762,152	-
Shares to be issued	-	-	57,198	-	-	-	-	57,198
Net loss and comprehensive loss	-	-	-	-	-	131,824	(9,593,488)	(9,461,664)
<b>Balance, March 31, 2024</b>	<b>397,390,860</b>	<b>\$ 50,284,705</b>	<b>\$ 57,198</b>	<b>\$ 1,952,885</b>	<b>\$ 732,681</b>	<b>\$ 433,701</b>	<b>\$(34,118,606)</b>	<b>\$ 19,342,564</b>

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

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 1. Nature of operations and going concern

Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.) (the "Company" or "Silver Storm") is incorporated under the Canada Business Corporations Act and holds advanced stage silver projects located in Durango, Mexico. The principal business of the Company is to acquire, explore and develop interests in exploration and evaluation assets. The address of the Company's registered office and its principal place of business are 22 Adelaide Street West, Suite 2020, Bay Adelaide Centre, Toronto, Ontario, Canada.

The Company's common shares started trading on the OTCQB November 5, 2020 at the opening of the market under the stock symbol "GTAGF" and remains listed on the TSX Venture Exchange ("TSXV") under the ticker symbol "GOG".

On May 9, 2023, the Company announced the listing of the Company's common share on the Frankfurt Stock Exchange under the trading symbol "GTD".

On August 14, 2023, the Company completed the acquisition of a 100% interest in the La Parrilla Silver Mine Complex ("La Parrilla") located in San Jose de La Parrilla, Durango, Mexico. Refer to note 5.

A certificate of amendment was filed on October 30, 2023 to change the name of the Company to "Silver Storm Mining Ltd.". On November 7, 2023, the Company's common shares started trading on the TSXV under the new trading symbol "SVRS", on the OTCQB under the new trading symbol "SVRSF" and on the Frankfurt Stock Exchange under the new trading symbol "SVR".

These consolidated financial statements comprise of the financial statements of Silver Storm Mining Ltd. and its wholly-owned subsidiaries, Golden Tag Mexico SA de CV and Parrilla Plata Mining, S.A. de C.V., which were incorporated in Mexico.

Effective January 1, 2023, the Company changed its financial year-end from December 31 to March 31 to better align its financial reporting and tax planning with its business planning. The change in year-end resulted in the Company's filing a one-time, fifteen-month transition year covering the period of January 1, 2023 to March 31, 2024. The information presented in these consolidated financial statements is for the fifteen-months ended March 31, 2024, compared to the twelve months ended December 31, 2022.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and the Company has not yet generated income or cash flows from its operations. During the fifteen month period ended March 31, 2024, the Company incurred a net loss of \$9,593,488 and as at March 31, 2024, the Company's current liabilities exceed its current assets by \$3,596,175 and it has an accumulated deficit of \$34,118,606. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

From time to time, the Company generates working capital to fund its operations by raising additional capital through equity or debt financing. However, there is no assurance it will be able to continue to do so in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 2. Basis of presentation

#### Statement of compliance

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

#### Approval of financial statements

The Company's Board of Directors approved these consolidated financial statements on November 7, 2024.

#### Basis of preparation

These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information and certain financial instruments measured at fair value.

#### Basis of consolidation

The Company's consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company returns.

Details of controlled entities are as follows:

<u>Entity</u>	<u>Country of Incorporation</u>	<u>Holding</u>	<u>Functional Currency</u>
Golden Tag Mexico, S.A. de C.V.	Mexico	100%	United States Dollar
Parrilla Plata Mining, S.A. de C.V.	Mexico	100%	United States Dollar

Intercompany transactions have been eliminated on consolidation.

#### Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise stated, which is the Company's functional currency. The functional currency of the Company's Mexican subsidiaries is the United States dollar ("US dollar"). The Company has adopted the Canadian dollar as its presentation currency.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information

These accounting policies have been used throughout all periods presented in the consolidated financial statements.

#### Foreign currency translations

Foreign currency transactions are translated into the functional currency of each consolidated entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss whereas the Company's net investment in its foreign subsidiary is recognized in other comprehensive income.

The Mexican subsidiaries have the US dollar as their functional currency, and their operations have been translated into Canadian dollars for presentation purposes as follows: assets and liabilities have been translated at the closing rate at the reporting date; expenses have been translated at the average rate over the reporting period. Exchange differences are recognized in other comprehensive loss and recognized in the accumulated other comprehensive income in equity.

#### Financial instruments

##### **Classification**

<b>Financial Assets/Liabilities</b>	<b>Classification</b>
Cash and cash equivalents	Fair value through profit or loss
Restricted cash	Financial assets at amortized cost
Marketable securities	Fair value through profit or loss
Other long-term assets	Financial assets at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Due to First Majestic Silver Corp.	Financial liabilities at amortized cost
Lease liabilities	Financial liabilities at amortized cost
Contingent consideration	Fair value through profit or loss

##### *Measurement – initial recognition*

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

##### *Classification of financial assets*

##### **Amortized cost:**

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Financial instruments (continued)

##### **Amortized cost (continued):**

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

##### **Financial assets measured subsequently at FVTPL:**

By default, all other financial assets are measured subsequently at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

##### **Classification of financial liabilities**

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

##### **Impairment**

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

#### Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated by adjusting loss attributable to ordinary equity holders of the parent company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and warrants as explained in note 21.

#### Cash and cash equivalents

Cash and cash equivalents comprises of (i) cash on deposit with a bank in general non-interest bearing accounts; (ii) interest generating money market accounts with no stipulated terms of maturity and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value; and (iii) redeemable deposits. Restricted cash balances are excluded from cash and cash equivalents and are classified as either current or non-current assets, based up on the expiration date of the restriction.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Marketable securities

Marketable securities comprise shares of other publicly traded companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base is recorded as unrealized gain or loss in the consolidated statement of loss and comprehensive loss.

#### Inventories

Inventories, including materials and supplies, are valued at the lower of weighted average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventories into saleable form. Any write-downs of inventory to net realizable value are recorded as write-down of inventory.

If there is a subsequent increase in the value of inventories, the previous write-downs to net realizable value are reversed to the extent that the related inventory that remains on hand.

#### Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of equipment and depreciated accordingly. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized through profit or loss.

Property, plant and equipment is depreciated over its estimated useful life over the shorter of the estimated useful life of the asset and the expected life of mine or the units-of-production method according to the pattern in which the asset's future economic benefits are expected to be consumed. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

The Company commences recording depreciation when the assets are in a working condition ready for use using the following rates, based on the expected useful life of the asset. Should the expected life and associated depreciation rate differ from the initial estimate, the change in estimate would be made prospectively in the statement of loss and comprehensive loss.

<b>Class</b>	<b>Percentage</b>
Land	N/A
Buildings <sup>(1)</sup>	units-of-production method
Machinery and equipment <sup>(1)</sup>	units-of-production method
Other	10% to 30%

<sup>(1)</sup> The Company did not incur any deprecation on the specific assets as the Company was not in production.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Mineral interests

Mineral property acquisition costs are capitalized as mining interests.

Mineral property expenses include expenditures directly related to the exploration and evaluation of mining properties. These expenditures are expensed in the period they are incurred.

Mineral interests include the payment of relating VAT until such time that the exploration and evaluation mineral property interests are reclassified into development stage mineral interests. VAT is imposed by the Mexican government. The Company had VAT receivables through its acquisition expenditures incurred in Mexico. Upon reclassification from exploration and evaluation to development, the VAT receivable will be recognized as a separate asset and will be deductible against future VAT payables that will be generated through sales.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, related mining rights and expenses are capitalized. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit. Cash flows associated with exploration and evaluation expenditures are classified as operating activities in the consolidated statement of cash flows.

#### Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term. Judgment is applied to determine the lease term where a renewal option exists. Right-of-use assets are depreciated using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be reduced by impairment losses or adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments are recognized as an expense when incurred over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments include fixed payments, and variable payments that are based on an index or rate.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022  
(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Decommissioning, restoration and similar liabilities

The Company recognizes provisions for legal and constructive obligations, including those associated with the reclamation of property, plant and equipment and mineral interests, when there is a present obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal or constructive obligation. These 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. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the discount rate and amount or timing of the underlying cash flows required to settle the obligation. Future restoration costs are reviewed at each reporting period.

#### Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area are neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant.

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. The Company's operations are in compliance with current laws and regulations. Any provisions resulting from mining property restorations would be charged to mineral property expenses when it is possible to reasonably estimate the amount.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Income taxes

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

#### *Current tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

#### *Deferred tax liabilities:*

- are recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled, and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

#### *Deferred tax assets:*

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

#### Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Proceeds from unit placements are allocated between shares and warrants issued by: estimating the value of the warrants using the Black-Scholes Valuation model; the fair value is allocated to warrants from the net proceeds and the balance is allocated to shares. The fair value attributed to the warrants is recorded as warrants reserve. When warrants are exercised, the value is transferred from warrants reserve to capital stock. If the warrants expire unexercised, the related amount is reallocated to deficit.

Deficit includes all current and prior period profits or losses.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Equity-settled share-based payment transactions

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted estimated using the Black-Scholes Valuation model. This fair value is appraised at the grant date.

All equity-settled share-based payments are ultimately recognized as an expense in net loss depending on the nature of the payment with a corresponding credit to options reserve, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in the prior period if share options have already vested.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in options reserves are then transferred to share capital. If the options expire unexercised, the related amount is reallocated to deficit.

#### Segment reporting

In accordance with IFRS 8 - Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of mineral properties. The Company's only mining interests are located in Mexico as detailed in note 14.

#### Comprehensive loss

Comprehensive loss is the total of loss and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from loss. The Company's other comprehensive income (loss) represents foreign currency translation gains/losses related to translating the financial information of its Mexican subsidiaries from its US dollar functional currency to Canadian dollars for presentation purposes.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 3. Material accounting policy information (continued)

#### Fair value hierarchy

The Company classifies financial instruments recognised at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Marketable securities (level 1) at March 31, 2024 and December 31, 2022 are valued at fair value.

The fair values of contingent consideration payable are measured based on management's estimate of the probability weighted average of payouts associated with each possible outcome and estimated discount rates for the Company. Accordingly, the valuations involve the use of unobservable inputs and is categorized as Level 3 fair value measurements. Changes in the fair value of contingent consideration payable can result from changes in anticipated milestone payments and changes in assumed discount periods and rates. Contingent consideration payable is remeasured at fair value each reporting period with the gain or loss being recognized through the consolidated statements of loss and comprehensive loss.

The carrying value of the Company's other financial instruments approximates their fair value due to the short period to maturity.

There were no movements between levels during the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022.

### 4. Critical accounting estimates and judgments

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

#### Judgments

##### **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in note 1.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 4. Critical accounting estimates and judgments (continued)

#### Judgments (continued)

##### **Deferred income taxes**

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. As at March 31, 2024 and December 31, 2022, management has determined that deferred tax assets do not meet the criteria for recognition, and accordingly were not recorded (note 22).

##### **Operating segment**

The ability to aggregate the Company's operating segments based on similar economic characteristics requires judgment to be applied and is dependent on entity-specific facts and circumstances.

##### **Functional currency**

The functional currency of the Mexican subsidiaries is US dollars. The determination of the subsidiary's functional currency is determined based on management's assessment of the economic environment in which it operates.

##### **Classification of business combination**

The classification of a transaction as a business combination or asset acquisition depends on whether the assets acquired constitute a business in accordance with the criteria set forth in IFRS 3 – Business combinations, which can be a complex judgement. The Company bases its judgements on current facts and various other factors that it believes to be reasonable under the circumstances.

#### Estimates

##### **Inventory**

In calculating final inventory values, management is required to determine an estimate of obsolete or expired inventory and compares the inventory cost to estimated net realizable value. The Company must determine if the cost of any inventory exceeds its net realizable value.

##### **Assessment of impairment of non-current assets**

Non-current assets are treated for impairment if there is an indicator of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, operating performance, recent market transactions and appropriate valuation model. 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. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset. Cash flows are discounted by an appropriate discount rate to determine the value in use. Management has assessed it's the operations of the La Parrilla Property as one cash-generating unit ("CGU"), which is the lowest level for which cash inflows are largely independent of other assets.

##### **Estimated useful lives and depreciation of property, plant and equipment**

Depreciation of property, plant and equipment are dependent upon estimates of useful lives which are determined based on estimates determined by management. Changes to the estimated useful life of property, plant and equipment could result in differences in their carrying amounts.

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 4. Critical accounting estimates and judgments (continued)

##### Estimates (continued)

##### **Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

##### **Contingent consideration**

Contingent consideration is initially measured at fair value on the date of acquisition using a probability weighted average of payouts associated with each possible outcome, discounted using the estimated credit risk for the Company. A liability has been recognized for contingent consideration, which is revalued each reporting period using a consistent measurement technique as at acquisition.

##### **Stock-based compensation**

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan whereby notional shares are granted to employees, Board of Directors and key consultants. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in note 20.

##### **Warrant valuation**

The Company uses the fair value method of valuing warrants associated with the Company's equity instrument issuances. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The assumptions are discussed in note 19.

##### **Fair value of acquisitions**

The determination of fair value of assets acquired, liabilities assumed, and the fair value of the purchase consideration requires the use of various estimates made by management.

The Company bases its estimates and judgements on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

#### 5. Acquisition of La Parrilla Property

On August 14, 2023, the Company completed its transaction (the "Transaction") with First Majestic Silver Corp. ("First Majestic") to acquire a 100% interest in the La Parrilla Property in the locality of San Jose de la Parrilla, Durango, Mexico through its wholly-owned subsidiary Parrilla Plata Mining, S.A. de C.V.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 5. Acquisition of La Parrilla Property (Continued)

Under the terms of the Transaction, the consideration for the acquisition with a fair value of \$22,448,682 included the following:

- the issuance of 143,673,684 common shares of the Company (valued at \$15,086,004 based on the closing price of August 14, 2023);
- aggregate cash payments of US\$2,700,000 (CAD\$3,037,772) (unpaid as at March 31, 2024) using a discount rate of 12.7% over a period of eighteen months;
- US\$5.75 million when either (a) 5 million ounces of silver equivalent ("Ag.Eq") reserves are declared from the La Parrilla Property, or (b) 22 million ounces of Ag.Eq of measured and indicated resources are declared, from the La Parrilla Property (valued at CAD\$270,117 based on probability of achieving this milestone);
- US\$5.05 million when a new zone is discovered on the La Parrilla claims inclusive of a NI 43-101 resource of 12.5 million ounces of Ag.Eq (valued at \$nil based on probability of achieving this milestone is 0%); and
- VAT payable on acquisition of \$3,768,028 (\$3,163,751 paid as at March 31, 2024).

The Transaction does not constitute a business combination as the La Parrilla Property did not meet the definition of a business in accordance with IFRS 3 - Business combinations. For accounting purposes, the Transaction is accounted for as an equity-settled share-based payment transaction in accordance with IFRS 2 - Share-based payments.

The Company will pay cash of US\$10.8 million, as contingent consideration for the acquisition if certain milestones are met. The Company has determined the fair value of the contingent consideration on the Transaction date based on the probability of achieving each respective milestone. Management estimated the probability of achieving the first milestone to be 5% in three years, and the probability of the other milestones being reached to be 0%. The first milestone amount of \$5.75 million has been discounted using the 3 years CCC-rated materials corporate bond rate, which is an estimate of the Company's credit adjusting borrowing rate at the Transaction date. The fair value of the total milestone payments is \$270,117.

The following table summarizes the total consideration paid and the fair value of the identifiable net assets assumed as of the date of acquisition:

#### Consideration paid:

143,673,684 common shares	\$ 15,086,004
Cash payment	3,037,772
Contingent consideration	270,117
VAT paid on acquisition	3,768,028
Transaction costs	286,761
	<u>\$ 22,448,682</u>

#### Less fair value of net assets:

Inventories	\$ 1,048,589
Prepaid expenses and other assets	33,491
Property, plant and equipment	13,423,869
Right-of-use assets	1,437,586
Other long-term assets	97,731
Accounts payable and accrued liabilities	(191,403)
Lease obligations	(1,437,586)
Decommissioning liabilities	(7,226,187)
<b>Total fair value of net assets acquired</b>	<u>\$ 7,186,090</u>
<b>Mining assets</b>	<u>\$ 15,262,592</u>

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 5. Acquisition of La Parrilla Property (Continued)

As at March 31, 2024, the balance due to First Majestic of \$3,927,889 consists of the amortized cost of US\$2,700,000 cash payment of \$3,297,638, accrued VAT on the US\$2,700,000 cash payment of \$586,397 (US\$432,000), and recovery of mineral property costs of \$43,854 (US\$32,307). During the fifteen month period ended March 31, 2024, the Company recognized accretion of \$233,001 on the US\$2,700,000 cash payment obligation which has been presented with the accretion expense on the consolidated statement of loss and comprehensive loss.

#### 6. Cash and cash equivalents

	March 31, 2024	December 31, 2022
Bank balances	\$ 832,364	\$ 567,896
Short-term deposits	374,541	6,038,095
<b>Total</b>	<b>\$ 1,206,905</b>	<b>\$ 6,605,991</b>

#### 7. Restricted cash

	March 31, 2024	December 31, 2022
Current balance	\$ 61,611	\$ -
Non-current balance	53,310	-
<b>Total</b>	<b>\$ 114,921</b>	<b>\$ -</b>

The restricted cash is security for letter of credits and vehicle lease agreements (refer to note 16). The letters of credit expire between June 2024 and October 2026. On July 3, 2024, one of the security letter of credits of \$61,611 was released.

#### 8. Marketable securities

Balance as at December 31, 2022 and 2021	\$ 49,000	\$ 49,000
Unrealized loss on change in fair value of marketable securities	(7,000)	-
<b>Balance as at March 31, 2024 and December 31, 2022</b>	<b>\$ 42,000</b>	<b>\$ 49,000</b>

Marketable securities consist of 700,000 common shares of Sirius Resources Inc.:

	March 31, 2024	December 31, 2022
	\$ 42,000	\$ 49,000

#### 9. Sales taxes receivable

	March 31, 2024	December 31, 2022
<b>Aging analysis</b>		
GST receivable	\$ 121,744	\$ 112,674
VAT receivable	527,288	-
<b>Total</b>	<b>649,032</b>	<b>112,674</b>
<b>Less current balance</b>	<b>(121,744)</b>	<b>-</b>
<b>Non-current balance</b>	<b>\$ 527,288</b>	<b>\$ 112,674</b>

## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

#### 10. Prepays and other assets

	March 31, 2024	December 31, 2022
Mining rights	\$ 444,652	\$ -
Prepaid insurance	192,285	13,867
Other prepaid expenses	154,836	63,557
Project investigation costs	-	249,144
<b>Total</b>	<b>\$ 791,773</b>	<b>\$ 326,568</b>

#### 11. Inventories

Inventories consist of materials and supplies. The following is a breakdown of inventories:

	March 31, 2024	December 31, 2022
Materials and supplies	\$ 1,022,286	\$ -

#### 12. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other	Total
<b>Cost</b>					
Balance as at December 31, 2021 and 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Additions - Acquisition of the La Parrilla (note 5)	767,705	5,671,079	6,868,936	116,149	13,423,869
Additions	-	-	-	70,001	70,001
Adjustment to reclamation provision	-	-	(237,731)	-	(237,731)
Foreign exchange	5,076	48,975	57,662	975	112,688
<b>Balance as at March 31, 2024</b>	<b>\$ 772,781</b>	<b>\$ 5,720,054</b>	<b>\$ 6,688,867</b>	<b>\$ 187,125</b>	<b>\$ 13,368,827</b>
<b>Accumulated Depreciation</b>					
Balance as at December 31, 2021 and 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	24,596	24,596
<b>Balance as at March 31, 2024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,596</b>	<b>\$ 24,596</b>
<b>Carrying Amounts</b>					
Balance as at December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance as at March 31, 2024</b>	<b>\$ 772,781</b>	<b>\$ 5,720,054</b>	<b>\$ 6,688,867</b>	<b>\$ 162,529</b>	<b>\$ 13,344,231</b>

Included in Other are computer equipment, office equipment, laboratory equipment and transportation equipment. During the fifteen month period ended March 31, 2024, depreciation of \$24,596 for the property, plant and equipment is included in mineral property expenses on the consolidated statement of loss and comprehensive loss.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 13. Right-of-use assets

Balance as at December 31, 2022	\$ -
Additions - Acquisition of the La Parrilla (note 5)	1,437,586
Additions	541,000
Depreciation	(345,209)
Foreign exchange	(3,789)
<b>Balance as at March 31, 2024</b>	<b>\$ 1,629,588</b>

The right-of-use assets consist of 1 lease agreement for office space, 2 lease agreements for vehicles and 1 lease agreement for the land. The lease agreements have terms between 1 year to 8 years.

During the fifteen month period ended March 31, 2024, depreciation expense of \$119,749 relating to the vehicles and land leases has been presented in mineral property expenses, and depreciation of \$225,417 relating to the office space has been included in depreciation expense in consolidated statement of loss and comprehensive loss.

The Company has sub-leased a portion of the space under its office lease to a company with common officers (refer to note 24). The Company has classified the sub-lease as an operating lease. During the fifteen month period ended March 31, 2024, rent income of \$120,000 relating the sub-lease has been included in rent income in the consolidated statement of loss and comprehensive loss.

#### 14. Mining interests

##### La Parrilla Property

The La Parrilla Silver Mine is a complex consisting of five non-operational underground mines, a non-operational open pit mine and a 2,000 tonne per day processing facility located southeast of the city of Durango, the capital of Durango State. The La Parrilla property consists of 41 contiguous mining concessions covering a total of 69,478 hectares.

Metalla Royalty & Streaming Ltd. ("Metalla") retains a 2% net smelter return royalty on the La Parrilla Property.

The La Parrilla Silver Mine has been on care and maintenance since September 2019 and no royalties have been incurred as of March 31, 2024.

	<b>La Parrilla Property</b>
Balance as at December 31, 2022 and December 31, 2021	\$ -
Additions - Acquisition of the La Parrilla Property (note 5)	15,262,592
Foreign exchange	121,848
Change in ARO	(76,653)
<b>Balance as at March 31, 2024</b>	<b>\$ 15,307,787</b>

Sales taxes receivable paid on acquisition of the La Parrilla property of \$3,768,028 is included in the balance of \$15,307,787.

##### Mexico San Diego Property

The Company holds a 100% interest in the San Diego Property, Durango State, Mexico. Golden Minerals Company has a 2% net smelter return royalty on the property. This was the only mining property that the Company holds the rights to explore as at December 31, 2022.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 15. Accounts payable and accrued liabilities

	<b>March 31, 2024</b>	December 31, 2022
Accounts payable	\$ 266,933	\$ 36,142
Payroll and related benefits	53,028	5,993
Other accrued liabilities	1,208,777	399,346
<b>Total</b>	<b>\$ 1,528,738</b>	<b>\$ 441,481</b>

#### 16. Lease obligations

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate of 15%. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method. Finance costs of \$134,312 relating to the vehicle and land leases have been included in mineral property expenses, and \$50,144 relating to the office lease has been included in finance costs expense on the consolidated statement of loss and comprehensive loss.

A reconciliation for lease obligations is as follows:

Balance as at December 31, 2022	\$ -
Additions - Acquisition of the La Parrilla (note 5)	1,437,586
Additions	553,328
Finance costs	184,456
Operating lease payments	(485,936)
Foreign exchange	43,169
<b>Balance as at March 31, 2024</b>	<b>1,732,603</b>
<b>Less current balance</b>	<b>(363,581)</b>
<b>Non-current balance</b>	<b>\$ 1,369,022</b>

#### **Maturity analysis - contractual undiscounted cash flow**

	<b>March 31, 2024</b>
Less than one year	\$ 575,939
One to five years	1,292,982
More than five years	851,312
<b>Total</b>	<b>\$ 2,720,233</b>

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

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For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 17. Decommissioning liabilities

The Company's decommissioning and closure obligations relates to the cost of removing and restoring the La Parrilla property in Durango, Mexico. Significant decommissioning and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of an environmentally accepted mine closure plan.

A reconciliation for decommissioning liability is as follows:

Balance as at December 31, 2021 and December 31, 2022	\$	-
Movements during the period:		
Additions - Acquisition of the La Parrilla (note 5)		7,226,187
Accretion expense		430,228
Change in estimate of ARO		(314,384)
Foreign exchange		61,391
<b>Balance as at March 31, 2024</b>	<b>\$</b>	<b>7,403,422</b>

The provision for decommissioning was estimated using the following inputs and assumptions:

- Undiscounted future reclamation costs: \$10,892,818 (acquisition August 14, 2023 - \$10,802,139)
- Risk free rate used: 9.61% (acquisition August 14, 2023 - 9.41%)
- Inflation rate used: 4.37% (acquisition August 14, 2023 - 4.67%)
- Weighted average expected timing of cash outflows (years): 20 years

#### 18. Contingent consideration

The Company has recorded contingent consideration liabilities as part of the assets acquired. The contingent consideration liabilities are paid to the vendors if certain milestones are met. Management estimated the probability of achieving the first milestone to 5% in three years, and the probability of the other milestones to 0%. The first milestone amount of \$5.75 million is discounted using the 3 years CCC-rated materials corporate bond rate, which is an estimate of the Company's credit adjusting borrowing rate at the Transaction date.

Balance as at December 31, 2021 and December 31, 2022	\$	-
Movements during the period:		
Additions - Acquisition of the La Parrilla (note 5)		270,117
Foreign exchange		2,267
<b>Balance as at March 31, 2024</b>	<b>\$</b>	<b>272,384</b>
<b>Less current balance</b>		-
<b>Non-current balance</b>	<b>\$</b>	<b>272,384</b>

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# Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

## Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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### 19. Equity

#### (a) Share capital

Authorized share capital: An unlimited number of the following classes of shares:

- Common shares, voting
- Preferred shares, non-voting, redeemable for the amount paid thereon, all rights and privileges to be determined by the Board of Directors.

#### Issued during the fifteen months ended March 31, 2024

(i) On August 14, 2023, the Company issued 143,673,684 common shares for the acquisition of La Parrilla. Refer to note 5.

(ii) The Company raised \$7,078,522 pursuant to a subscription receipt offering. Immediately prior to the completion of the Transaction, in accordance with their terms, each subscription receipt of the Company issued pursuant to the offering was exchanged for one common share of the Company and one-half of one common share purchase warrant with each warrant exercisable into one common share at an exercise price of \$0.34 until August 14, 2026. The fair value of the 17,696,305 warrants is \$0.04 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 88%, a risk-free interest rate of 4.47%, an expected unit life of 3 years, no expected dividend yield and a price at date of grant of \$0.11.

In connection in the offering, the Company agreed to pay certain eligible arm's length parties who introduced subscribers to the offering: (1) up to 7% cash fees, and (2) up to 7% finders' warrants. The finders' warrants entitle the holder to acquire one common share at a price of \$0.20 until August 14, 2025. The finders for the offering and their fees paid include: \$192,894 cash and 620,700 finders' warrants. The fair value of the 620,700 finders' warrants was estimated at \$0.04 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 86%, a risk-free interest rate of 4.72%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.11.

First Majestic subscribed to 18,009,000 subscription receipts pursuant to the offering. All of these subscription receipts were converted to common shares and warrants on August 14, 2023 in connection with the closing of the Transaction. Following completion of the offering and conversion of the subscription receipts, First Majestic owns and exercises control or direction over 161,682,684 common shares and 9,004,500 warrants, representing approximately 40.8% of the issued and outstanding common shares on a non-diluted basis and approximately 43% of the issued and outstanding common shares on a partially diluted basis (assuming the exercise of all warrants held by First Majestic).

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 19. Equity (continued)

##### (a) Share capital (continued)

###### Issued during the twelve months ended December 31, 2022

(iii) On February 8, 2022, the Company closed the first tranche of a non-brokered private placement. Under the first tranche, the Company issued 7,166,670 units at a price of \$0.25 per unit for aggregate gross proceeds of \$1,791,668. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.40 until February 8, 2024. The warrants contain an acceleration provision whereby if the closing price of the common shares on the TSXV is \$0.70 or more for 10 consecutive trading days the Company will have the right to accelerate the expiry date of the warrants (the "Acceleration Provision"). The fair value of the 3,583,335 warrants was estimated at \$0.117 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In connection with the first tranche, the Company paid aggregate cash finder's fees of \$39,800 and issued 140,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months following closing of the first tranche, subject to Acceleration Provision. The fair value of the 140,000 broker warrants was estimated at \$0.143 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

(iv) On February 28, 2022, the Company completed the second and final tranche of the non-brokered private placement. In connection with the second tranche, the Company issued an aggregate of 5,833,330 units at a price of \$0.25 per unit for aggregate gross proceeds of \$1,458,332. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.40 until February 28, 2024. The warrants are subject to the Acceleration Provision. The fair value of the 2,916,665 warrants was estimated at \$0.110 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In connection with the second tranche, the Company paid aggregate cash finder's fees of \$7,000 and issued 28,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months following closing of the second tranche, subject to Acceleration Provision. The fair value of the 28,000 broker warrants was estimated at \$0.137 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 19. Equity (continued)

##### (b) Share purchase warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, the continuity of activity for warrants for the fifteen month period ended March 31, 2024 and the twelve month period ended December 31, 2022 is as follows:

	#	Weighted average exercise price \$
<b>Balance as at December 31, 2021</b>	<b>22,501,536</b>	<b>0.27</b>
Issued	6,696,003	0.39
Issued broker warrants	168,000	0.25
Exercised warrants	(8,999,409)	0.07
Expired warrants	(13,698,130)	0.39
<b>Balance as at December 31, 2022</b>	<b>6,668,000</b>	<b>0.40</b>
Issued	17,696,305	0.34
Issued broker warrants	620,700	0.20
Expired warrants	(6,668,000)	0.40
<b>Balance as at March 31, 2024</b>	<b>18,317,005</b>	<b>0.34</b>

##### During the fifteen months ended March 31, 2024

On August 14, 2023, the Company issued 17,696,305 warrants exercisable into common shares at an exercise price of \$0.34 until August 14, 2026. The fair value of the 17,696,305 warrants was estimated at \$0.04 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 88%, a risk-free interest rate of 4.47%, an expected unit life of 3 years, no expected dividend yield and a price at date of grant of \$0.11.

In addition, the Company issued 620,700 finder's warrants exercisable into common shares at an exercise price of \$0.20 until August 14, 2025. The fair value of the 620,700 finders' warrants was estimated at \$0.04 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 86%, a risk-free interest rate of 4.72%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.11.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 19. Equity (continued)

##### (b) Share purchase warrants (continued)

During the twelve months ended December 31, 2022

On February 8, 2022, the Company issued 3,583,335 warrants exercisable into common shares at an exercise price of \$0.40 until February 8, 2024, subject to Acceleration Provision. The fair value of the 3,583,335 warrants was estimated at \$0.117 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In addition, the Company issued 140,000 finder's warrants exercisable into common shares at an exercise price of \$0.25 until February 8, 2024, subject to Acceleration Provision. The fair value of the 140,000 finders' warrants was estimated at \$0.143 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 110%, a risk-free interest rate of 1.35%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

On February 28, 2022, the Company issued 2,916,665 warrants exercisable into common shares at an exercise price of \$0.40 until February 28, 2024, subject to Acceleration Provision. The fair value of the 2,916,665 warrants was estimated at \$0.110 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

In addition, the Company issued 28,000 finder's warrants exercisable into common shares at an exercise price of \$0.25 until February 8, 2024, subject to Acceleration Provision. The fair value of the 28,000 finders' warrants was estimated at \$0.137 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 105%, a risk-free interest rate of 1.45%, an expected unit life of 2 years, no expected dividend yield and a price at date of grant of \$0.25.

During the three months ended June 30, 2022, 392,005 broker warrants were exercised for \$0.056 per broker unit. Each broker warrant entitled the holder to one common share and one-half warrant at a price of \$0.075. The fair value of the 196,003 additional warrants issued was estimated at \$0.0001 using the Black-Scholes option valuation model with the following assumptions: an expected volatility of 101%, a risk free interest rate of 2.50%, an expected unit life of 0.02 year, no expected dividend yield and an expected unit value at date of grant of \$0.06.

At March 31, 2024, the following exercisable warrants were outstanding:

<b>Number of warrants</b>	<b>Price (\$)</b>	<b>Expiry date</b>
620,700	0.20	14-Aug-25
17,696,305	0.34	14-Aug-26
<b>18,317,005</b>	<b>0.34</b>	

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 20. Stock options

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plans is a maximum of 10% of the common shares issued and outstanding at the time of any grant and the maximum number of shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the time of the grant. The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award date, and the term of the options cannot exceed ten years and unexercised options are cancelled 90 days after termination of employment or directorship. The option's exercise price and vesting period is established by the Board of Directors at the time of grant. All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

Outstanding options entitle their holders to subscribe to an equivalent number of common shares, the continuity for activity during the fifteen month period ended March 31, 2024 and the twelve month period ended December 31, 2022 is as follows:

	#	Weighted average exercise price \$
<b>Balance as at December 31, 2021</b>	<b>13,600,000</b>	<b>0.26</b>
Expired	(500,000)	0.05
Exercised	(500,000)	0.05
<b>Balance as at December 31, 2022</b>	<b>12,600,000</b>	<b>0.28</b>
Expired	(3,700,000)	0.25
Exercised	(1,500,000)	0.08
<b>Balance as at March 31, 2024</b>	<b>7,400,000</b>	<b>0.32</b>

As at March 31, 2024, 7,400,000 (December 31, 2022 - 12,600,000) options are exercisable. The average share price on the exercise of stock options was \$0.23 (2022 - \$0.17).

#### 21. Loss per share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as their exercise prices were higher than the Company's share price as at March 31, 2024 and December 31, 2022. Details of share options and warrants issued that could potentially dilute loss per share in the future are given in note 19 and note 20.

Both the basic and diluted loss per share have been calculated using the loss as the numerator, i.e. no adjustment to the loss were necessary for the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022.

	Fifteen Months Ended March 31, 2024	Twelve Months Ended December 31, 2022
Loss for the period	\$ (9,593,488)	\$ (2,879,476)
Weighted average number of shares in circulation	307,747,246	210,936,292
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 22. Income taxes

##### (a) Rate reconciliation

A reconciliation of income tax (expense) recovery and the product of accounting loss before income tax multiplied by the combined Canadian federal and provincial statutory income tax rate is as follows:

	March 31, 2024	December 31, 2022
Loss before income taxes	\$ (9,593,488)	\$ (2,879,476)
	26.50%	26.50%
Tax recovery calculated using statutory rates	(2,542,000)	(763,000)
Statutory permanent differences and other	(4,308,000)	55,000
Difference in foreign tax rates	(101,000)	(32,000)
Movement in tax benefits not recognized	6,951,000	740,000
Income tax expense	\$ -	\$ -

##### (b) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following:

	March 31, 2024	December 31, 2022
<b>Canada</b>		
Non-capital losses carried forward	\$ 3,508,000	\$ 2,424,000
Capital losses carried forward	5,000	5,000
Marketable securities	93,000	92,000
Right-of-use assets	(84,000)	-
Lease liabilities	90,000	-
Share issue costs	91,000	105,000
Tax reserves	102,000	(371,000)
	\$ 3,805,000	\$ 2,255,000

	March 31, 2024	December 31, 2022
<b>Mexico</b>		
Net operating loss carried forward	\$ 5,176,000	\$ 656,000
Property, plant and equipment	43,000	-
Exploration and evaluation assets	3,714,000	2,889,000
Right-of-use assets	(214,000)	-
Lease liabilities	227,000	-
	\$ 8,946,000	\$ 3,545,000

As at March 31, 2024, the Company did not recognize the benefit related to the deferred tax assets for the above items in the consolidated financial statements as management did not consider it probable that the Company will be able to realize these deferred tax assets in the future.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

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For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 22. Income taxes (continued)

(c) Tax loss carry-forwards

As at March 31, 2024, the Company had the following income tax attributes to carry forward:

	<b>Amount</b>	<b>Expiry date</b>
Canadian non-capital losses	\$ 13,230,000	2030 - 2042
Canadian capital loss	-	Indefinite
Mexican net operating loss carryforwards	17,251,000	2022 - 2037

#### 23. Additional cash flow information

The changes in working capital items are as follows:

	<b>Fifteen Months Ended March 31, 2024</b>	<b>Twelve Months Ended December 31, 2022</b>
Restricted cash	\$ (114,921)	\$ -
Sales taxes receivable	(536,358)	(3,180)
Prepaid expenses	(431,714)	(251,567)
Inventories	26,303	-
Accounts payable and accrued liabilities	734,800	(318,656)
	<b>\$ (321,890)</b>	<b>\$ (573,403)</b>

#### 24. Major shareholders and related party transactions

##### Major shareholders

To the knowledge of the directors and senior officers of the Company, as at March 31, 2024, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 20% of the voting rights attached to all common shares of the Company other than set out below:

	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
First Majestic	161,682,684	41%

First Majestic acquired 143,673,684 common shares of the Company during 2023 as part of the Transaction (note 5) and 18,009,000 units issued during 2023 as part of the private placement (note 19(a)(ii)). Balance due to First Majestic as at March 31, 2024 is \$3,927,889 (December 31, 2022 - \$nil). First Majestic is considered a related party by virtue of its shareholdings.

##### Related party transactions

The Company's related parties include private companies controlled by directors and joint key management, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

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For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 24. Major shareholders and related party transactions (continued)

##### Related party transactions (continued)

###### **Transactions with key management personnel**

Key management personnel of the Company are members of the Board of Directors as well as members of key management personnel.

Remuneration includes the following expenses:

	<b>Fifteen months ended March 31, 2024</b>	<b>Twelve months ended December 31, 2022</b>
Management and administration fees paid to private companies controlled by directors and officers	<b>\$ 1,530,675</b>	\$ 555,967
Professional fees paid to private companies controlled by directors and officers	<b>65,391</b>	96,532
Listing, filing and transfer agency fees paid to private companies controlled by officers	<b>23,778</b>	3,525
Director fees	<b>127,000</b>	146,000
Rent received from a company with common officers	<b>120,000</b>	-
	<b>\$ 1,866,844</b>	\$ 802,024

Included in accounts payable and accrued liabilities are amounts due to companies owned and controlled by key management personnel of \$461,848 and to directors of \$65,000 (December 31, 2022 - \$85,305 and \$65,000).

#### 25. Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company's capital items are cash and cash equivalents, marketable securities and share capital. Management adjusts the capital structure as necessary in order 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 team to sustain the future development of the business.

The property in which the Company currently has an interest is in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the fifteen months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 26. Financial instruments risks

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 3 in the Company's consolidated financial statements. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and market risk on the marketable securities. No changes were made in the objectives, policies and processes during the reporting periods.

##### **Foreign currency risk**

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US dollars and Mexican Pesos since a portion of the Company's expenditures related to exploration and evaluation activities are incurred in US dollars and Mexican Pesos. The Company does not enter into arrangements to hedge its foreign exchange risk.

Financial instruments denominated in foreign currency are as follows:

	March 31, 2024	December 31, 2022
<b>Short term exposure</b>		
<i>US Dollars</i>		
Cash and cash equivalents	US\$ 379,581	US\$ 190,843
Accounts payable and accrued liabilities	(125,616)	(57,414)
<b>Total short term exposure</b>	<b>US\$ 253,965</b>	<b>US\$ 133,429</b>
	March 31, 2024	December 31, 2022
<b>Short term exposure</b>		
<i>Mexican Pesos</i>		
Cash and cash equivalents	MX\$ 241,978	MX\$ 54,059
Restricted cash	1,412,000	-
Accounts payable and accrued liabilities	(10,326,892)	-
Due to First Majestic Silver Corp.	(47,886,504)	-
<b>Total short term exposure</b>	<b>MX\$(56,559,418)</b>	<b>MX\$ 54,059</b>

At March 31, 2024, with other variables unchanged, a 10% change in the US/CDN and Peso/CDN exchange rate would impact pre-tax income by approximately \$34,489 and \$461,695, respectively (twelve months ended December 31, 2022 - \$18,072 and \$376, respectively). Exposure to foreign exchange rates varies during the period depending on the volume of foreign transaction.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 26. Financial instruments risks (continued)

##### **Interest rate risk**

The Company has \$1,206,905 cash and cash equivalents balance and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal.

##### **Credit risk**

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets. The credit risk is considered not material, since the counterparties are reputable banks with high quality external credit ratings and Canadian sales taxes receivable.

##### **Liquidity risk**

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Accounts payable and accrued liabilities	\$1,528,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,528,738	\$1,528,738
Due to First Majestic	4,295,231	-	-	-	-	-	4,295,231	3,927,889
Lease liabilities	575,939	441,669	283,771	283,771	283,771	851,312	2,720,233	1,732,603
Contingent consideration	-	-	-	7,805,050	-	-	7,805,050	272,384
	<u>\$6,399,908</u>	<u>\$ 441,669</u>	<u>\$ 283,771</u>	<u>\$8,088,821</u>	<u>\$ 283,771</u>	<u>\$ 851,312</u>	<u>\$16,349,252</u>	<u>\$7,461,614</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

#### 27. Contingencies and commitments

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environments' consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company's operations are in compliance with all applicable laws and regulations. Provisions for estimated costs are recorded when environmental remedial efforts are likely and costs can be reasonably estimated.

Refer to note 18.

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## Silver Storm Mining Ltd. (formerly Golden Tag Resources Ltd.)

### Notes to Consolidated Financial Statements

For the Fifteen Months Ended March 31, 2024 and the Twelve Months Ended December 31, 2022

(Expressed in Canadian Dollars)

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#### 28. Segment reporting

Segmented information on a geographic basis is as follows:

	Fifteen Months Ended March 31, 2024			Twelve Months Ended December 31, 2022		
	Canada	Mexico		Canada	Mexico	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

  

	As at March 31, 2024			As at December 31, 2022		
	Canada	Mexico		Canada	Mexico	
Non-current assets	\$ 315,583	\$ 31,667,984	\$ 31,983,567	\$ -	\$ -	\$ -

#### 29. Subsequent events

(i) On April 2, 2024, the Company closed the first tranche of a non-brokered private placement. Under the first tranche, the Company issued 13,340,455 units at a price of \$0.11 per unit for aggregate gross proceeds of \$1,467,450. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.16 until April 4, 2026.

On April 10, 2024, the Company completed the second and final tranche of the non-brokered private placement. In connection with the second tranche, the Company issued an aggregate of 42,114,091 units at a price of \$0.11 per unit for aggregate gross proceeds of \$4,632,550. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant issued pursuant to the first tranche entitles the holder thereof to acquire one common share at a price of \$0.16 until April 10, 2026.

In connection with the first and second tranche, the Company paid aggregate cash finder's fees of \$231,502 and issued 1,127,515 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.11 for a period of 24 months from the date of issuance.

As at March 31, 2024, \$57,198 was received by the Company related to the non-brokered private placement.

(ii) On April 22, 2024, 12,800,000 stock options were granted to certain directors, officers and employees of the Company to purchase common shares at a price of \$0.165 per share until April 22, 2029. The options vested immediately.

(iii) On June 21, 2024, the Company announced that it entered into a debt settlement letter agreement with a legal service provider to the Company to settle the Company's outstanding debt for past services performed by the creditor in the amount of \$286,761 by issuing 972,200 common shares in the capital of the Company at a deemed price of \$0.18 per common share, in addition to the payment to the creditor of \$111,761. The transaction closed on July 4, 2024.