



SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

**Condensed Consolidated Interim Financial Statements
For the Six Months Ended December 31, 2023 and 2022**

(Expressed in Canadian Dollars)

Responsibility for Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for the review of interim financial statements by an entity's auditor.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

As at	December 31, 2023	June 30, 2023
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 3)	54,930	17,904
Amounts receivable	3,034	3,172
Prepaid expenses	43,870	27,204
	101,834	48,280
Equipment (Note 4)	3,893	4,580
Exploration and evaluation assets (Notes 5 and 8)	4,397,264	4,008,375
	4,502,991	4,061,235
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities (Notes 5)	623,605	638,000
Loan payable (Note 6)	60,000	60,000
	683,605	698,000
Shareholders' equity		
Share capital (Note 7)	8,825,457	8,153,183
Reserves	9,109,872	9,063,596
Deficit	(14,115,943)	(13,853,544)
	3,819,386	3,363,235
	4,502,991	4,061,235

Nature of operations and going concern (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2023. They are signed on the Company's behalf by:

"Timothy Mosey"

Director

"Brandon Rook"

Director

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Three months ended December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
EXPENSES				
Advertising and promotion	31,563	57,609	72,445	79,904
Consulting fees (Note 8)	15,200	4,591	15,200	4,591
Depreciation (Note 4)	282	403	565	807
General administrative	23,663	40,491	46,401	55,174
Professional fees (Note 8)	35,626	70,966	51,732	90,174
Salaries and wages (Note 8)	7,600	34,200	41,800	45,600
Share-based payments (Notes 7 and 8)	16,585	14,518	35,954	42,336
LOSS BEFORE OTHER ITEM	(130,519)	(222,778)	(264,097)	(318,586)
OTHER ITEM				
Foreign exchange gain (loss)	(2,822)	(37,063)	1,698	(52,010)
NET LOSS AND COMPREHENSIVE LOSS	(133,341)	(259,841)	(262,399)	(370,596)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of common shares outstanding, basic and diluted	55,580,640	40,271,231	54,805,831	38,048,008

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Common Shares				Total Shareholders' Equity
	Number of Shares	Amount	Reserves	Deficit	
	(Note 7)	\$	\$	\$	\$
Balance, June 30, 2022	35,824,785	7,299,430	8,839,935	(13,100,720)	3,038,645
Private placement	9,297,114	697,284	-	-	697,284
Share issuance costs	-	(69,079)	26,618	-	(42,461)
Share-based payments	-	-	42,336	-	42,336
Loss and comprehensive loss	-	-	-	(370,596)	(370,596)
Balance, December 31, 2022	45,121,899	7,927,635	8,908,889	(13,471,316)	3,365,208
Balance, June 30, 2023	48,721,899	8,153,183	9,063,596	(13,853,544)	3,363,235
Private placement	6,858,741	685,874	-	-	685,874
Share issuance costs	-	(13,600)	-	-	(13,600)
Share-based payments	-	-	46,276	-	46,276
Loss and comprehensive loss	-	-	-	(262,399)	(262,399)
Balance, December 31, 2023	55,580,640	8,825,457	9,109,872	(14,115,943)	3,819,386

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
CASH USED IN:		
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(262,399)	(370,596)
Items not involving cash:		
Depreciation	565	807
Share-based payments	35,954	42,336
Changes in non-cash working capital items:		
Amounts receivable	138	(1,410)
Prepaid expenses	(16,666)	(1,725)
Accounts payable and accrued liabilities	(35,590)	83,693
	(277,998)	(246,895)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of issue costs	672,274	654,823
	672,274	654,823
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(357,250)	(372,755)
	(357,250)	(372,755)
INCREASE IN CASH AND CASH EQUIVALENTS	37,026	35,173
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	17,904	157,177
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	54,930	192,350
Cash and cash equivalents consist of the following:		
Cash	44,930	182,350
Guaranteed Investment Certificates	10,000	10,000
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	54,930	192,350
Supplemental cash flow information:		
Income tax paid	-	-
Interest paid	-	-
Non-cash financing and investing activities:		
E&E expenditures included within accounts payable and accrued liabilities	21,195	13,019
Depreciation included within E&E assets	122	174
Share-based payments included in E&E	10,322	-

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Valley Metals Corp. (the "Company") was incorporated on July 10, 2003, under the laws of British Columbia. On April 28, 2016, the Company changed its name from Benton Capital Corp. to Alset Energy Corp. On May 3, 2017, the Company further changed its name to Alset Minerals Corp. and retained the same ticker symbol "ION" on the TSX Venture Exchange. On August 28, 2018, the Company further changed its name to OrganiMax Nutrient Corp. and ticker symbol to "KMAX" on the TSX Venture Exchange. On August 3, 2021, the Company further changed its name to Silver Valley Metals Corp. and ticker symbol to "SILV" on the TSX Venture Exchange. The Company is an exploration stage company which engages in the business of acquisition, exploration, and development of mineral properties in North America. The Company's head office is located at Suite 2110 - 650 West Georgia Street, Vancouver, B.C., V6B 4N8. The Company began trading on the TSX Venture Exchange in April 2005. On February 2, 2022, the Company commenced trading on the OTCQB Venture Market in the United States under the ticker symbol "SVMFF".

The Company had a net loss of \$262,399 (2022 - \$370,596) during the six months ended December 31, 2023, a working capital deficiency of \$581,771 (June 30, 2023 - \$649,720), and a deficit of \$14,115,943 (June 30, 2023 - \$13,853,544) as at December 31, 2023, which has been funded mainly by the issuance of equity. The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and the financial position classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the condensed consolidated interim financial statements. The accounting policies followed in these consolidated financial statements are the same as those applied in the audited annual consolidated financial statements for the Company for the year ended June 30, 2023.

These condensed consolidated interim financial statements of the Company for the six months ended December 31, 2023, were reviewed, approved, and authorized for issue by the Board of Directors on February 28, 2023.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Grupo Minero Alset, S.A. de. C.V. ("Grupo") in Mexico and North Idaho Metals Corporation ("North Idaho") in Delaware, United States. Grupo and North Idaho were incorporated on June 7, 2016, and May 11, 2021, respectively. All inter-company balances and transactions have been eliminated on consolidation.

Use of Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited, to:

a) **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. Cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

b) **Going Concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

c) Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

d) Determination of functional currency

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events, and conditions relevant to each entity.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Pronouncements

There were no new accounting standards, amendments and updates that would either be applicable or have a material effect upon adoption except as below.

Adoption of New Pronouncements

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2023, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment did not have a material impact on the Company.

Accounting Standards Issued But Not Yet Applied

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning on or after January 1, 2023.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments to IAS 1 did not have a significant impact on the Company's consolidated financial statements.

4. EQUIPMENT

	Computer Hardware and Software	Drilling and Exploration Equipment	Total
	\$	\$	\$
COST			
Balance on June 30, 2022 and 2023 and December 31, 2023	19,780	5,187	24,967
DEPRECIATION			
Balance on June 30, 2022	14,399	4,026	18,425
Depreciation	1,614	348	1,962
Balance on June 30, 2023	16,013	4,374	20,387
Depreciation	565	122	687
Balance on December 31, 2023	16,578	4,496	21,074
NET CARRYING AMOUNT AS AT			
June 30, 2023	3,767	813	4,580
December 31, 2023	3,202	691	3,893

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

5. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired, or abandoned. The deferred costs associated with each property as at December 31, 2023 and June 30, 2023 are summarized in the tables below:

	Lithium Salars	Ranger- Page	Total
	\$	\$	\$
Acquisition costs			
Balance, June 30, 2023	1,656,217	512,828	2,169,045
Acquisition	-	175,012	175,012
Balance, December 31, 2023	1,656,217	687,840	2,344,057
Exploration and evaluation costs			
Balance, June 30, 2023	960,807	878,523	1,839,330
Assays and analysis	-	15,197	15,197
Depreciation (Note 4)	122	-	122
Field supplies and miscellaneous	-	82,419	82,419
Geological consultants	-	25,823	25,823
Geophysics	-	1,341	1,341
Legal and administration	-	57,000	57,000
Taxes and duties	21,195	-	21,195
Travel and accommodation	-	458	458
Share-based payments	-	10,322	10,322
Balance, December 31, 2023	982,124	1,071,083	2,053,207
Balance, December 31, 2023	2,638,341	1,758,923	4,397,264

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

	Lithium Salars	Ranger- Page	Total
	\$	\$	\$
Acquisition costs			
Balance, June 30, 2022	1,656,217	406,814	2,063,031
Acquisition	-	106,014	106,014
Balance, June 30, 2023	1,656,217	512,828	2,169,045
Exploration and evaluation costs			
Balance, June 30, 2022	824,164	402,807	1,226,971
Assays and analysis	-	38,968	38,968
Depreciation (Note 4)	348	-	348
Field supplies and miscellaneous	397	27,894	28,291
Geological consultants	-	94,559	94,559
Geophysics	-	165,128	165,128
Legal and administration	-	82,409	82,409
Taxes and duties	135,898	-	135,898
Travel and accommodation	-	8,182	8,182
Share-based payments	-	58,576	58,576
Balance, June 30, 2023	960,807	878,523	1,839,330
Balance, June 30, 2023	2,617,024	1,391,351	4,008,375

(a) Lithium - Potassium Salars, Mexico

Pursuant to an agreement dated July 28, 2016 and amended on April 7, 2017 with MKG Mining Mexico, S.A. de C. V. ("MKG"), the Company acquired a 100% interest in lithium, potassium, boron soils, and brine salar assets located in Zacatecas and San Luis Potosi, Mexico.

The property is subject to a 2% net smelter royalty ("NSR") of which 1% can be purchased by the Company for US\$250,000. The property is also subject to a 0.25% NSR in favour of the finder mentioned above.

Pursuant to an agreement dated June 15, 2017, the Company entered into an assignment of mining rights and obligations agreement with Hot Spring Mining, S.A. de C.V. ("Hot Spring Mining") to acquire two concessions located in Zacatecas and San Luis Potosi, Mexico. The properties are subject to a 2.5% NSR of which the Company has the right to purchase up to 1.5% for \$1,500,000.

In November 2017, the Company completed the staking and filing of additional mineral claims for this property.

Included in exploration and evaluation costs is VAT receivable of \$35,447 (June 30, 2023 - \$35,430) on December 31, 2023.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

(b) Ranger-Page, USA

On July 20, 2021, and subsequently amended on July 20, 2022, the Company entered into a definitive agreement with Blackhawk Exploration LLC ("Blackhawk") providing the Company with the option to acquire a 100% interest in the past producing Government Gulch Silver project in the Silver Valley, Coeur d'Alene Mining District, Idaho, USA (the "Option"). The Company may exercise the Option by paying US\$650,000 and incurring US\$3,000,000 of exploration expenditures on the property to earn a 75% interest in the property as follows:

- Pay a non-refundable deposit of US\$20,000 upon execution of the binding letter of intent (paid);
- Pay US\$230,000 on or before July 20, 2021 (the "Effective Date") (paid);
- Pay US\$50,000 on or before the second anniversary of the Effective Date plus fourteen days (paid), pay an additional US\$100,000 on or before the second anniversary of the Effective Date not to exceed 130 days (paid), grant surface rights to Blackhawk related to certain mining claims and completing an additional US\$600,000 (completed) of expenditures on the property on or before the first anniversary of the Effective Date;
- Completing an additional US\$600,000 (completed) of expenditures on the property on or before the second anniversary of the Effective Date;
- Pay US\$250,000 on or before the second anniversary of the Effective Date (re-negotiated on or before the third anniversary);
- Completing an additional US\$1,200,000 of expenditures on the property on or before the third anniversary of the Effective Date; and
- Completing an additional US\$600,000 of expenditures on the property on or before the third anniversary of the Effective Date.

Upon the Company acquiring a 75% interest in the property, the Company shall have the right to either:

- Cause the parties to form a joint venture with terms consistent with the usual industry practice including a provision for a participant's interest to be converted to a 2% NSR if its interest is diluted to less than a 10% interest. The Company has the right, at any time after the NSR takes effect, to purchase one half of the NSR by making a payment of US\$1,000,000 and has the right of first refusal to purchase the remainder of the NSR; or
- Purchase Blackhawk's 25% interest at a price to be negotiated between Blackhawk and the Company with both parties acting diligently and in good faith to arrive at a mutually acceptable purchase price. If the parties do not come to agreement on the purchase price, the Company, at its option, can either pay US\$2,250,000, pay US\$1,000,000 and issue US\$1,250,000 worth of shares of the Company to Blackhawk priced at the 20 day volume weighted average price following the date that the Company elects to purchase Blackhawk's 25% interest or by Blackhawk's request, issue US\$2,250,000 worth of shares of the Company to Blackhawk priced at the 20 day volume weighted average price following the date that the Company elects to purchase Blackhawk's 25% interest.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

On November 17, 2021, the Company signed an option agreement with Deadwood Land LLC to acquire the Page Mine and a surrounding exploration land package which comprise of 49 patented mining claims. For consideration of the rental and option to acquire 100% of the mineral rights of Page Mine and surrounding project area, the Company will make a payment of US\$60,000 in Year 1 (paid) and US\$30,000 per annum in Year 2 to Year 10. Year 2 and Year 3 payments have been completed. The Company can purchase 100% of the patented mineral rights for a payment of US\$1,500,000 and all rental payments will be credited towards the option purchase price.

6. LOAN PAYABLE

On April 28, 2020, and August 9, 2021, the Company received a total of \$60,000 under the Canada Emergency Business Account ("CEBA"). The loan is non-interest bearing and no principal repayments are required up to December 31, 2023. If the principal balance of \$40,000 is repaid by December 31, 2023, then the remaining \$20,000 of the principal balance will be forgiven. Any remaining balance after January 1, 2024, will be converted into a three-year term loan with a fixed interest of 5% per annum; monthly interest-only payments and the outstanding balance must be repaid in full by December 31, 2025. Subsequent to year-end, the repayment deadline for CEBA loan to qualify for partial loan forgiveness was extended to January 18, 2024, and the repayment date of the CEBA loan was extended to December 31, 2026.

7. SHARE CAPITAL

Authorized:

Class A common - unlimited
Class B common - unlimited
Common shares - unlimited

Issued:

Class A common - Nil
Class B common - Nil
Common shares - 55,580,640 shares

(a) Shares issued

On November 17, 2022, the Company closed the first tranche of a non-brokered private placement and raised aggregate gross proceeds of \$697,284 through issuance of an aggregate of 9,297,114 units of the Company at a price of \$0.075 per unit. Each unit is comprised of one common share of the Company and one purchase warrant. Each warrant is exercisable to acquire an additional common share at a price of \$0.15 per share for 24 months from the date of issue. In connection with closing, the Company paid finder's fees of \$42,461 and issued 598,147 broker warrants at a fair value of \$26,618, each entitling the holder thereof to purchase one common share at an exercise price of \$0.15 per share for 24 months from the date of issue. The fair value of the broker warrants was calculated using the Black-Scholes Option Pricing Model with a share price at issue date of \$0.085; exercise price of \$0.15; expected life of 2 years; expected volatility of 124%; risk free interest rate of 3.88%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

On January 3, 2023, the Company closed its final tranche of a non-brokered private placement and raised aggregate gross proceeds of \$270,000 through issuance of an aggregate of 3,600,000 units of the Company at a price of \$0.075 per unit. Each unit is comprised of one common share of the Company and one purchase warrant. Each warrant is exercisable to acquire an additional common share at a price of \$0.15 per share for 24 months from the date of issue. In connection with closing, the Company paid finder's fees of \$26,400 and issued 232,000 broker warrants at a fair value of \$18,052, each entitling the holder thereof to purchase one common share at an exercise price of \$0.15 per share for 24 months from the date of issue. The fair value of the broker warrants was calculated using the Black-Scholes Option Pricing Model with a share price at issue date of \$0.13; exercise price of \$0.15; expected life of 2 years; expected volatility of 122%; risk free interest rate of 3.92%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

During the six months ended December 31, 2023, the Company closed its first and second tranche of non-brokered private placements and raised aggregate gross proceeds of \$685,874 through issuance of an aggregate of 6,858,741 common shares of the Company at a price of \$0.10 per share. In connection with closing, the Company paid finder's fees of \$13,600.

(b) Stock options

The Company has adopted an incentive stock option plan for granting options to directors, employees, and consultants. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. Options granted may not exceed a term of five years. All options vest upon grant unless otherwise specified by the Board of Directors.

Details of stock option transactions for the six months ended December 31, 2023, and the year ended June 30, 2023 are detailed below.

	Number of Options	Weighted Average Exercise Price
		\$
Balance, June 30, 2022	2,940,000	0.21
Granted	1,900,000	0.15
Balance, June 30, 2023	4,840,000	0.21
Cancelled	(500,000)	0.20
Balance, December 31, 2023	4,340,000	0.18

During the year ended June 30, 2022, the Company granted 740,000 stock options. These options vest 25% on grant date, then 25% every six months after grant date. The total stock option expense for these options granted is \$108,920, of which \$43,892 is recognized as share-based payments during the year ended June 30, 2022, \$42,398 is recognized as share-based payments during the year ended June 30, 2023, and \$4,874 is recognized as share-based payments during the six months ended December 31, 2023.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

During the year ended June 30, 2023, the Company granted 1,900,000 stock options. These options vest 25% on grant date, then 25% every six months after grant date. The total stock option expense for these options granted is \$183,350, of which \$124,000 is recognized as share-based payments during the year ended June 30, 2023, and \$41,402 is recognized as share-based payments during the six months ended December 31, 2023.

During the year ended June 30, 2023, share-based payments of \$58,576 were allocated to exploration and evaluation assets (Note 5).

During the six months ended December 31, 2023, share-based payments of \$10,322 were allocated to exploration and evaluation assets (Note 5).

As of December 31, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
	\$		
February 10, 2026	0.20	1,520,000	1,520,000
April 6, 2026	0.25	300,000	300,000
July 20, 2026	0.20	120,000	120,000
June 21, 2027	0.20	500,000	500,000
January 13, 2028	0.15	1,900,000	950,000
		4,340,000	3,390,000

The weighted average life of the options outstanding and exercisable on December 31, 2023 is 3.14 years (June 30, 2023 - 3.53 years).

The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2024	2023
Risk-free interest rate	-	2.90%
Expected dividend yield	-	0%
Expected forfeiture rate	-	0%
Expected stock price volatility	-	142%
Expected life in years	-	5.00

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture, and employee termination within the valuation model. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option and warrant grants.

(c) Warrants

The changes in warrants during the six months ended December 31, 2023, and the year ended June 30, 2023 were as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, June 30, 2022	6,750,000	0.211
Issued	13,727,261	0.150
Expired	(4,000,000)	0.150
Balance, June 30, 2023, and December 31, 2023	16,477,261	0.175

Warrants outstanding at December 31, 2023 were as follows:

Expiry Date	Number of Warrants	Exercise Price
		\$
November 17, 2024	9,895,261	0.15
January 3, 2025	3,832,000	0.15
March 1, 2025*	2,750,000	0.30
	16,477,261	

* During the year ended June 30, 2023, the Company extended the expiry date of 2,750,000 warrants at an exercise price of \$0.30 per share from March 1, 2023 to March 1, 2025. All other terms of the warrants remain unchanged.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

8. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

(a) Compensation of Key Management Personnel

The compensation paid or payable to directors and key management personnel, including fees for administrative, management, accounting, and legal services provided by these related parties, during the six months ended December 31, 2023, and 2022, are as follows:

	2023	2022
	\$	\$
Professional fees	28,106	24,000
Rent expense in operating expenses	6,000	-
Consulting fees in operating expenses	15,200	-
Consulting fees in exploration and evaluation expenditures	15,200	-
Salaries and wages in operating expenses	41,800	45,600
Salaries and wages in exploration and evaluation expenditures	41,800	45,600
Share-based payments	18,522	11,718
	166,628	126,918

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

(b) Related Party Balances

As of December 31, 2023, and June 30, 2023, the Company has the following amounts owed to related parties that are non-interest-bearing, unsecured, and have no specified terms of repayment.

Payee	December 31, 2023	June 30, 2023
	\$	\$
Due to the CEO	30,400	7,411
Due to a company controlled by the CFO for accounting fees	6,300	33,550
Due to a company controlled by the Director of Corporate Development	-	6,620
Due to an accounting firm controlled by the CFO for accounting fees	2,100	14,800
Due to a company controlled by the Corporate Secretary	-	14,771
Due to former officers and former directors	4,656	4,656
	43,456	81,808

No post-employment benefits, other long-terms benefits, and termination benefits were made during the six months ended December 31, 2023, and 2022.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration activities on its mineral exploration properties; and
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and adjusts it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital (deficiency) and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the current year. To maintain or adjust the capital structure, the Company considers the following:

- i) Incremental investment and acquisition opportunities;
- ii) Equity and debt capital available from capital markets;
- iii) Equity and debt credit;
- iv) Sale of assets;
- vi) Limiting the size of the investment program; and
- vi) New share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at December 31, 2023 and June 30, 2023.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

Fair Value of Financial Instruments

The Company's financial assets include cash and cash equivalents and amounts receivable, which are classified as Level 1. The Company's financial liabilities include accounts payable and accrued liabilities and loan payable, which are classified as Level 1.

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as of December 31, 2023 and June 30, 2023 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash and cash equivalents				
December 31, 2023	54,930	-	-	54,930
June 30, 2023	17,904	-	-	17,904
Amounts receivable				
December 31, 2023	1,876	-	-	1,876
June 30, 2023	1,857	-	-	1,857

Fair value

The fair value of the Company's financial instruments approximates their carrying value as of December 31, 2023 and June 30, 2023 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying value of the Company's financial instruments:

	December 31, 2023	June 30, 2023
	\$	\$
Financial assets		
Fair value through profit and loss (i)	54,930	17,904
Amortized cost (ii)	1,876	1,857
Financial liabilities		
Amortized cost (iii)	683,605	698,000

- (i) Cash and cash equivalents
- (ii) Amounts receivable, excluding sales taxes receivable
- (iii) Accounts payable and loan payable

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk, currency risk, and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalent. The Company's cash and cash equivalent are held through a large Canadian financial institution. Management believes the risk of loss to be remote.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In management's opinion, the Company is not exposed to significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. As of December 31, 2023, the Company had cash and cash equivalent on hand of \$54,930 (June 30, 2023 - \$17,904) available to settle current liabilities of \$683,605 (June 30, 2023 - \$698,000). Accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Loan payables have contractual maturities of greater than 12 months.

(d) Currency risk

The Company's functional currency is the Canadian dollar. The Company is primarily exposed to currency fluctuations related to accounts payable and accrued liabilities and payment obligations for exploration and evaluation that are denominated in Mexican Pesos and US dollars. As of December 31, 2023, the Company had net current liabilities of \$511,215 (June 30, 2023 - \$484,511) denominated in Mexican Pesos and net current liabilities of \$6,888 (June 30, 2023 - \$12,458) denominated in US dollars, translated at 0.07818 pesos to \$1 (June 30, 2023 - 0.07736) and 1.3226 US to \$1 (June 30, 2023 - \$1.324), respectively. The Company does not actively manage this risk.

(e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as market prices, foreign exchange rates, and interest rates. In management's opinion, the Company is not exposed to significant market risk.

SILVER VALLEY METALS CORP.

(An Exploration Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Six Months Ended December 31, 2023 and 2022

11. SEGMENTED INFORMATION

The Company currently operates in two geographical operating segments, the exploration of mineral properties in the USA, and Mexico. Management of the Company makes decisions about allocating resources based on the operating segments. A geographic summary of identifiable long-term assets by country is as follows:

As at December 31, 2023				
	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Equipment	3,202	-	691	3,893
Exploration and evaluation assets	-	1,758,923	2,638,341	4,397,264

As at June 30, 2023				
	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Equipment	3,767	-	813	4,580
Exploration and evaluation assets	-	1,391,351	2,617,024	4,008,375