SILVER TIGER
METALS INC

Unaudited Interim Condensed Consolidated
Financial Statements

December 31, 2020

February 25, 2021

Management's Report

The accompanying unaudited interim condensed consolidated financial statements of **Silver Tiger Metals Inc.** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim condensed consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the unaudited interim condensed consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited interim condensed consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Glenn Jessome*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

SILVER TIGER METALS INC

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at December 31, 2020 and March 31, 2020

	December 31, 2020 $	March 31, 2020 $
Assets		
Current assets		
Cash	6,783,334	89,438
Sales tax recoverable	59,249	38,782
Deposits and prepaid expenses	230,616	19,647
	7,073,199	147,867
Right-of-use asset	22,900	46,000
Resource properties (note 5)	22,176,591	19,039,807
	29,272,690	19,233,674
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,135,418	2,827,137
Current portion of lease liability	23,700	31,000
	1,159,118	2,858,137
Lease liability	-	16,000
Loan payable (note 4)	24,579	-
	1,183,697	2,874,137
Equity (note 8)	28,088,993	16,359,537
	29,272,690	19,233,674

Commitments (note 11)

Approved by the Board of Directors

Signed "*Keith Abriel*", Director

Signed "*Wade Anderson*", Director

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

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the nine-month periods ended December 31, 2020 and 2019

	Number of shares	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance – March 31, 2019	143,916,357	31,921,996	2,804,517	-	(19,164,115)	15,562,398
Net loss and comprehensive loss for the period	-	-	-	-	(331,014)	(331,014)
Shares issued for cash, net of issue costs (note 8)	16,016,666	952,815	-	-	-	952,815
Shares issued for cash, exercise of stock options (note 8)	100,000	19,000	(9,000)	-	-	10,000
Balance – December 31, 2019	160,033,023	32,893,811	2,795,517	-	(19,495,129)	16,194,199
Balance – March 31, 2020	162,766,353	33,056,024	2,838,517	-	(19,535,004)	16,359,537
Net loss and comprehensive loss for the period	-	-	-	-	(2,401,758)	(2,401,758)
Shares issued for cash, net of issue costs (note 8)	46,309,520	11,012,733	-	-	-	11,012,733
Shares issued for cash, exercise of stock options (note 8)	1,225,000	270,260	(131,000)	-	-	139,260
Shares issued for cash, exercise of warrants (note 8)	3,767,402	578,709	-	-	-	578,709
Shares issued in settlement of accounts payable (note 8)	6,535,366	1,111,012	-	-	-	1,111,012
Issuance of finders warrants (note 8)	-	-	-	539,000	-	539,000
Stock-based compensation (note 8)	-	-	750,500	-	-	750,500
Balance – December 31, 2020	220,603,641	46,028,738	3,458,017	539,000	(21,936,762)	28,088,993

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

Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three and nine-month periods ended December 31, 2020 and 2019

	Three-month period ended December 31, 2020	Three-month period ended December 31, 2019	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2019
Operating expenses				
Consulting fees (note 7)	219,834	86,200	422,972	226,450
Dues and fees	41,592	11,475	66,886	44,487
Foreign exchange loss (gain)	12,592	21,417	8,990	(4,335)
Insurance	24,198	12,695	65,258	55,169
Office and other	5,861	30,810	55,529	86,662
Professional fees	66,974	3,000	115,286	9,000
Shareholder communication	29,064	8,882	113,839	49,184
Stock-based compensation (note 8)	5,500	-	750,500	-
Travel	2,315	9,610	7,688	26,843
Wages and benefits	46,789	14,636	79,881	47,701
	454,719	198,725	1,686,829	541,161
Other income (expenses)				
Interest income	6,703	-	10,061	-
Government assistance benefit (note 4)	-	-	17,000	-
Depreciation expense	(7,700)	-	(23,100)	-
Gain (loss) on settlement of accounts payable (notes 7 and 8)	-	123,209	(718,890)	210,147
Net loss and comprehensive loss for the periods	455,716	75,516	2,401,758	331,014
Loss per share – basic and diluted	(0.002)	(0.001)	(0.012)	(0.002)
Weighted average outstanding common shares – basic and diluted	219,205,732	156,865,994	197,623,304	152,063,508

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

SILVER TIGER METALS INC

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the nine-month periods ended December 31, 2020 and 2019

	2020 $	2019 $
Cash provided by (used in)		
Operating activities		
Net loss for the periods	(2,401,758)	(331,014)
Charges to income not affecting cash		
Stock-based compensation	750,500	-
Depreciation expense	23,100	-
Interest expense	3,079	-
Government assistance benefit (note 4)	(17,000)	-
Loss (gain) on settlement of accounts payable (notes 7 and 8)	718,890	(210,147)
Net changes in non-cash working capital balances related to operations		
Increase in sales tax recoverable	(20,467)	(26,185)
Decrease (increase) in prepaid expenses	(210,969)	11,885
Decrease (decrease) in accounts payable and accrued liabilities	40,021	(12,431)
	(1,114,604)	(567,892)
Investing activity		
Purchase of and expenditures on resource properties	(4,476,402)	(280,832)
Financing activities		
Proceeds from issuance of common shares (note 8)	11,675,000	961,000
Share issue costs paid (note 8)	(123,267)	(8,185)
Proceeds from exercise of stock options and warrants (note 8)	717,969	10,000
Loan proceeds (note 4)	40,000	-
Repayment of lease liability	(24,800)	-
	12,284,902	962,815
Net change in cash for the periods	6,693,896	114,091
Cash – Beginning of periods	89,438	22,364
Cash – End of periods	6,783,334	136,455

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

1 Nature of operations

Silver Tiger Metals Inc. (previously Oceanus Resources Corporation) (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010. Its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol SLVR. Effective May 26, 2020, the Company's common shares commenced trading on the OTCQB under the trading symbol SLVTF. On September 22, 2020, the Company was upgraded to the OTCQX from the OTCQB. The Company's registered office is located at Suite 2108, 1969 Upper Water Street, Halifax, Nova Scotia. The Company has one reportable and one geographic segment.

The Company is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for silver and gold. To date, the Company has not generated any revenue and is considered to be in the exploration stage. The Company is in the process of exploring and evaluating its resource properties in Mexico. The recoverability of amounts spent for the acquisition, exploration and development of the resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The operations of the Company will require various licenses and permits from governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture.

COVID-19

On March 11, 2020, the World Heath Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus ("COVID-19"). The Company's business could be adversely affected by the effects of the continued spread of COVID-19. Since early March 2020, significant measures have been implemented in Canada, Mexico and the rest of the world by governmental authorities in response to COVID-19. The Company cannot accurately predict the impact COVID-19 will have on the ability of third parties to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill and exploration programs, and other factors that depend on future developments beyond the Company's control. In addition, COVID-19 has resulted in a widespread health crisis that has adversely affected economies and financial markets of many countries, including Canada and Mexico, resulting in an economic downturn that may negatively impact the Company's financial position, financial performance, cash flows and its ability to raise capital.

1 Nature of operations (continued)

COVID-19 (continued)

Following the completion of the May 2020 private placement financing, and the Mexican Health Ministry's decree which included mining as an essential service effective June 1, 2020, the Company implemented strict COVID-19 protocols to enable the recommencement of exploration activities. Onsite accommodations and sanitation were constructed or improved to meet the higher standards of safety and medical services on site were improved, including mandatory COVID-19 testing of all persons entering the camp. The Company has created a remote isolated camp to minimize physical contact with surrounding communities. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's exploration activities cannot be reasonably estimated at this time. The increase in COVID-19 cases globally may impact the Company's operations due to additional government mandated shutdowns or closures.

2 Basis of presentation

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook").

These consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 of the Company's financial statements for the year ended March 31, 2020. These financial statements should be read in conjunction with the Company's financial statements for the year ended March 31, 2020.

The Board of Directors approved the unaudited interim condensed consolidated financial statements for issue on February 25, 2021.

3 Significant accounting policies

These unaudited interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended March 31, 2020. Refer to note 3 – Summary of significant accounting policies and note 4 – Change in accounting policies, of the Company's annual consolidated financial statements for the year ended March 31, 2020.

4 Loan payable

On May 6, 2020, the Company received a $40,000 emergency business loan under the federal government Canada Business Emergency Account ("CEBA") initiative. In the event the Company repays $30,000 by December 31, 2022, there will be no interest payable on the loan and the remaining $10,000 will be forgiven. In the event there is a loan balance outstanding on January 1, 2023, the loan will be renewed for a 3-year term with an annual fixed rate of interest of 5%. The Company plans to repay $30,000 before December 31, 2022. A government assistance benefit of $17,000 was recognized during the period.

5 Resource properties

	$
Balance – March 31, 2019	17,966,648
Exploration and property costs incurred	647,830
Balance – December 31, 2019	18,614,478
Balance – March 31, 2020	19,039,807
Exploration and property costs incurred	3,136,784
Balance – December 31, 2020	22,176,591

On September 15, 2015, the Company entered into an arrangement agreement with El Tigre Silver Corp. ("El Tigre") to combine the respective companies by way of a statutory plan of arrangement pursuant to the Business Corporations Act (British Columbia), under which the Company acquired all of the outstanding common shares of El Tigre in exchange for common shares of the Company on the basis of 0.2839 of one Company share for every one El Tigre share (the "Transaction"). The Transaction was completed on November 13, 2015.

El Tigre holds nine Mexican Federal mining concessions, located in north-eastern Sonora State, of which eight are collectively referred to as the El Tigre Property ("El Tigre Property"). The concessions are 100% held by El Tigre through its wholly-owned subsidiaries, Pacemaker Silver Mining SA de CV and Compãnia Minera Talaman SA de CV.

In 2016, the Company entered into a land access agreement with the land-owners of the El Tigre Property. Under the agreement, the Company is required to pay the land-owners USD$1,030,000, of which USD$110,000 was payable on the date of the agreement, with the remaining to be paid over an 84 month period in equal monthly instalments of USD$10,952. As at December 31, 2020, there are 39 monthly payments remaining. The agreement can be terminated by the Company by issuing a written notice to the land-owners and is considered nullified if the Company does not pay the land-owners for three consecutive months. The Company will acquire 6,283 hectares of land within the boundaries of the El Tigre Property at the end of the 84-month period if all required payments were made according to the agreement.

5 Resource properties (continued)

Pursuant to the land access agreement, at such time as the EL Tigre Property is put into production, the Company is required to make the following additional payments to the land-owners; US$3 per ounce of gold produced if the gold price is below US$1,200, US$5 per ounce of gold produced if the gold price is between US$1,201 and US$1,500 and US$7 per ounce of gold produced if the gold price is above US$1,501. Additionally, the Company is required to make a payment of US$500,000 to the vendor upon establishing commercial production subject to completing the agreement.

6 Accounts payable and accrued liabilities

	December 31, 2020 $	March 31, 2020 $
Accounts payable		
El Tigre property fees	-	1,828,026
Other	873,897	905,439
Accrued liabilities	261,521	93,672
	1,135,418	2,827,137

As at December 31, 2020, $150,000 (March 31, 2020 – $16,330) of accounts payable and accrued liabilities is due to the Chief Executive Officer, Chief Financial Officer and Vice President Exploration.

7 Related party transactions

Consulting services were provided during the nine-month period ended December 31, 2020 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was $287,500 (2019 – $187,500). The Company recorded these costs to consulting fees.

Consulting services were provided during the period ended December 31, 2020 by a corporation owned by the Chief Financial Officer of the Company ("Consultant"). The cost of these consulting services during the period was $86,000 (2019 – $24,000). The Company recorded these costs to consulting fees. During the period ended December 31, 2019, the Consultant and the Company agreed to the forgiveness of unpaid consulting fees, including HST, aggregating $46,250.

Geological consulting services were provided during the period ended December 31, 2020 by a corporation owned by the Vice President Exploration of the Company. The cost of these consulting services during the period was $31,500 (2019 – nil). The Company recorded these costs to resource properties. During the period ended December 31, 2019, an amount payable of $40,688 for geological consulting services provided by a corporation owned by the Vice President Exploration of the Company was forgiven.

8 Shareholders' equity

Capital stock

Authorized
Unlimited number of common shares, without nominal or par value

Issued and outstanding

	Number of shares #	Amount $
Balance – March 31, 2019	143,916,357	31,921,996
Shares issued for cash, net of issue costs	16,016,666	952,815
Shares issued for cash, exercise of stock options	100,000	19,000
Balance – December 31, 2019	160,033,023	32,893,811
Balance – March 31, 2020	162,766,353	33,056,024
Shares issued for cash, net of issue costs	46,309,520	11,012,733
Shares issued for cash, exercise of stock options	1,225,000	270,260
Shares issued for cash, exercise of warrants	3,767,402	578,709
Shares issued in settlement of accounts payable	6,535,366	1,111,012
Balance – December 31, 2020	220,603,641	46,028,738

During the nine-month period ended December 31, 2020, the Company completed a non-brokered private placement raising gross proceeds of $11,000,000 through the issuance of 36,666,667 units at a price of $0.30 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each full common share purchase warrant entitles the subscriber to acquire one common share at a price of $0.50 until July 27, 2023. The common shares issued pursuant to this private placement were subject to a 4 month hold period that expired November 28, 2020. The capital stock value of the common shares issued as at December 31, 2020 is net of share issue costs of $658,104, which includes the grant date fair value of the finders warrants of $539,000.

During the nine-month period ended December 31, 2020, the Company completed a non-brokered private placement raising gross proceeds of $675,000 through the issuance of 9,642,857 units at a price of $0.07 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each full common share purchase warrant entitles the subscriber to acquire one common share at a price of $0.10 until May 22, 2022. The common shares issued pursuant to this private placement were subject to a 4 month hold period that expired September 23, 2020. The capital stock value of the common shares issued as at December 31, 2020 is net of share issue costs of $4,163.

8 Shareholders' equity (continued)

Capital stock (continued)

During the nine-month period ended December 31, 2020, the Company issued a total of 6,535,366 common shares to settle accounts payable of $392,122 owed to geological services and drilling companies. The difference between the fair value of the common shares issued on May 22, 2020, the date the shares were issued and liability extinguished, and the carrying amount of the accounts payable was recognized as a loss on settlement of accounts payable on the statement of loss and comprehensive loss in the amount of $718,890.

Stock options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the nine-month periods ended December 31, 2020 and 2019:

Risk-free interest rate	2.25%
Expected volatility	105%
Expected dividend yield	-
Expected life	10 years

8 Shareholders' equity (continued)

Stock options (continued)

The following table summarizes the changes in the Company's stock options during the nine-month periods ended December 31, 2020 and 2019:

	Weighted Average Exercise price $	Number of options #	Weighted average remaining life (years)
Balance – March 31, 2019	0.20	14,140,000	5.8
Expired during the period	0.29	(250,000)	
Exercised during the period	0.10	(100,000)	
Balance – December 31, 2019	0.20	13,790,000	5.8
Balance – March 31, 2020	0.20	14,040,000	5.5
Granted during the period	0.17	3,275,000	9.4
Exercised during the period	0.11	(1,225,000)	
Balance – December 31, 2020	0.20	16,090,000	5.9

As at December 31, 2020, 5,970,364 options remained available for future grants under the Plan. Options vested and exercisable as at December 31, 2020 totaled 16,090,000 with an average exercise price of $0.20 per share. The weighted average grant date fair value per option was $0.16 for the stock options granted during the period ended December 31, 2020. The Company charged $509,000 in stock-based compensation to the statement of loss and comprehensive loss for the nine-months period ended December 31, 2020.

Contributed surplus

	$
Balance – March 31, 2019	2,804,517
Exercise of stock options	(9,000)
Balance – December 31, 2019	2,795,517
Balance – March 31, 2020	2,838,517
Exercise of stock options	(131,000)
Stock-based compensation related to stock options	509,000
Stock-based compensation related to deferred share units	241,500
Balance – December 31, 2020	3,458,017

8 Shareholders' equity (continued)

Warrants

The following table summarizes the changes in the Company's warrants for the periods ended December 31, 2020 and 2019:

	Expiry date	Exercise price $	Number	Ascribed value $
Balance – March 31, 2019, December 31, 2019 and March 31, 2020	Sept 17, 2020	0.17	2,884,612	-
Warrants issued pursuant to May 2020 private placement financing	May 22, 2022	0.10	4,821,426	-
Warrants issued pursuant to July 2020 private placement financing	July 27, 2022	0.50	18,333,327	-
Finders warrants issued pursuant to July 2020 private placement financing	July 26, 2023	0.50	2,000,000	539,000
Warrants exercised during the period		0.17	(2,884,612)	-
Warrants exercised during the period		0.10	(882,790)	-
Balance – December 31, 2020			24,271,963	539,000

The fair value of the warrants issued pursuant to the May 2020 and July 2020 private placement financings have an estimated value of $nil as at the issue date using the residual method of valuation.

The fair value of the finders warrants issued pursuant to the July 2020 private placement financing have been estimated as at the issue date using the Black-Scholes pricing model. The weighted average assumptions used in the pricing model are as follows; exercise price of $0.50, risk-free rate 2.25%, expected volatility 124%, expected dividend yield $nil and expected life 3 years. The fair value amount of $539,000 has been recorded to share issue costs.

Deferred share units

The Company has a deferred share unit plan (the "DSU Plan") whereby Participants may elect to receive all or a portion of their annual compensation or bonus compensation, if any, in deferred share units ("DSUs"). The election, if it is made, must be for a minimum of 10%, or a multiple thereof, of such compensation in DSUs. The number of DSUs received is equal to the amount of compensation elected to be received in DSUs, divided by the volume-weighted average trading price of the common shares on the TSX for the 5 trading days immediately prior to the payment date.

8 Shareholders' equity (continued)

Deferred share units (continued)

In addition, the Board of Directors has the authority to make discretionary awards of DSU's to Participants under the DSU Plan. DSUs granted pursuant to discretionary awards will vest in accordance with the vesting schedule determined by the Board of Directors.

All unvested DSUs will vest immediately in the case of a change of control of the Company. In addition, in the event of the death or termination without cause of a Participant that received DSUs, the Participant's DSU's will vest immediately. The Board of Directors may at any time shorten the vesting period of any or all DSU's.

The maximum number of common shares issuable under the DSU Plan is 10,000,000. Each DSU held by a Participant must be redeemed by the Company within 10 years of the grant for DSU Plan shares issued from treasury. Each vested DSU held by a Participant who ceases to be an eligible employee, director or officer shall be redeemed by the Company effective as at the separation date for DSU Plan shares issued from treasury.

The fair value of the DSU's is determined based on the Company's trading price of its common shares on the day of the grant.

On January 4, 2019, the Board of Directors approved the issuance of 900,000 DSUs to officers of the Company. This was the initial grant of DSU's under the DSU Plan. The 900,000 DSUs vest over a three-year period and the grant date fair value amounted to $81,000.

On May 22, 2020, the Board of Directors approved the issuance of 1,450,000 DSUs to officers and an employee of the Company. The 1,450,000 DSU's vest immediately and the grant date fair value amounted to $225,000.

The Company recognized $241,500 in stock-based compensation expense for the nine-month period ended December 31, 2020 ($nil – December 31, 2019) in connection with the issuance of DSUs.

9 Supplemental cash flow information

As at December 31, 2020, the Company's accounts payable included expenditures on resource properties of $525,808 (March 31, 2020 – $2,206,143).

10 Financial instruments and other

Credit risk

The Company manages credit risk by holding its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. The Company also has approximately $1,056,000 of Mexican VAT receivable as at December 31, 2020, (March 31, 2020 – $651,613). The Company has recorded the VAT to resource properties. While the Company is still pursuing collection, with the delay in processing and collection, management determined that it was appropriate to reclassify this amount to the resource property to which the VAT paid is related. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the unaudited interim condensed consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Management concluded that the Company has sufficient cash on hand to meet its obligations as they become due for the next twelve months, considering the Company's planned exploration and development activities on its resource properties. In early March 2021, the Company is scheduled to close on gross proceeds of $20 million, as a result of a public offering (note 12). The Company has the ability to scale its exploration and development activities and will do so as necessary, based on cash availability.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Interest rate risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada.

10 Financial instruments and other (continued)

Market risk (continued)

As at December 31, 2020, the Company held the following financial instruments in foreign currencies:

	US$	Pesos
Cash	7,037	394,308
Accounts payable and accrued liabilities	333,443	1,623,743

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

11 Commitments

The minimum annual payments in relation to the Company's El Tigre Agreement (note 5) are as follows:

	$
Year ending March 31, 2021	41,832
2022	167,329
2023	167,329
2024	167,329

12 Subsequent events

On February 8, 2021, the Company announced that it entered into an agreement with Sprott Capital Partners LP as lead underwriter and sole bookrunner, Echelon Wealth Partners Inc. and Stifel Nicolaus Canada Inc., as co-lead underwriters, and Eight Capital, Beacon Securities Limited and Red Cloud Securities Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 33,333,334 common shares of the Company (the "Shares") at a price of $0.60 per Share for gross proceeds to the Company of approximately $20 million (the "Offering").

The Company has agreed to grant the Underwriters an over-allotment option (the "Over-Allotment Option") to increase the size of the Offering by up to an additional 15%, such option being exercisable in whole or in part at any time prior to the date that is 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. In the event the Over-Allotment Option is exercised in full, the aggregate gross proceeds of the Offering to the Company will be approximately $23 million.

12 Subsequent events (continued)

The net proceeds from the Offering shall be primarily used to fund continued exploration of the Company's El Tigre silver project located in Sonora, Mexico. A portion of the net proceeds will be used for general working capital and business development purposes.

The Shares will be offered by way of short form prospectus in each of the provinces of Canada, except Québec, pursuant to National Instrument 44-101 – Short Form Prospectus Distributions. The Shares will not be offered or sold elsewhere except in reliance upon exemptions from registration under applicable securities laws.

The Offering is scheduled to close on or before March 2, 2021, and is subject to certain conditions including, but not limited to, receipt of all regulatory approvals, including the approval of the TSX Venture Exchange and the applicable securities regulatory authorities.