Silver Dollar Resources Inc.

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

November 30, 2022

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements were prepared by management and approved by the Audit Committee and the Board of Directors.

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

Silver Dollar Resources Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	November 30 2022	August 31 2022
ASSETS		
Current		
Cash	$ 6,483,515	$ 7,155,593
Accounts receivable	309,276	244,126
Prepaid expenses	47,588	97,444
	6,840,379	7,497,163
Equipment	6,706	7,059
Exploration and evaluation assets (note 5)	9,420,295	9,053,112
	$ 16,267,380	$ 16,557,334
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 56,674	$ 194,785
SHAREHOLDERS' EQUITY		
Share capital (note 6)	19,165,348	19,165,348
Share-based payment reserve (note 6)	2,709,352	2,709,352
Accumulated other comprehensive income	195,429	49,899
Deficit	(5,859,423)	(5,562,050)
	16,210,706	16,362,549
	$ 16,267,380	$ 16,557,334

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

Three month periods ended November 30, 2022 and 2021

		2022		2021
Expenses				
Consulting	$	61,870	$	76,536
Depreciation		353		441
Foreign exchange loss (gain)		321		(2,199)
Insurance		6,324		4,886
Interest and bank charges		606		602
Listing and filing fees		5,216		8,089
Management and administration fees (note 7)		24,000		21,000
Office		1,344		1,118
Professional fees		66,095		14,854
Site investigation fees		-		3,301
Transfer agent		1,911		1,916
Travel and promotion		74,583		145,262
Operating loss		(242,623)		(275,806)
Other income				
Interest income (repayment)		(54,750)		28,356
Loss for the period		(297,373)		(247,450)
Other comprehensive income				
Exchange difference on translating foreign operations		145,530		(2,306)
Total comprehensive loss	$	(151,843)	$	(249,756)
Loss per share - basic and diluted	$	(0.01)	$	(0.01)
Weighted average number of shares outstanding		41,897,237		41,847,237

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

Three month periods ended November 30, 2022 and 2021

	Issued Share Capital		Share-based	Accumulated Other Comprehensive		
	Number	Amount	Payment Reserve	Income	Deficit	Total
Balances, August 31, 2021	**41,847,237**	**$ 19,156,098**	**$ 3,178,055**	**$ -**	**$ (4,974,772)**	**$ 17,359,381**
Loss for the period	-	-	-	-	(247,450)	(247,450)
Exchange difference on translating foreign operations	-	-	-	(2,306)	-	(2,306)
Balances, November 30, 2021	**41,847,237**	**19,156,098**	**3,178,055**	**(2,306)**	**(5,222,222)**	**17,109,625**
Shares and warrants issued for cash	50,000	9,250	(1,750)	-	-	7,500
Transfer upon option expiration	-	-	(466,953)	-	466,953	-
Loss for the period	-	-	-	-	(806,781)	(806,781)
Exchange difference on translating foreign operations	-	-	-	52,205	-	52,205
Balances, August 31, 2022	**41,897,237**	**19,165,348**	**2,709,352**	**49,899**	**(5,562,050)**	**16,362,549**
Loss for the period	-	-	-	-	(297,373)	(297,373)
Exchange difference on translating foreign operations	-	-	-	145,530	-	145,530
Balances, November 30, 2022	**41,897,237**	**$ 19,165,348**	**$ 2,709,352**	**$ 195,429**	**$ (5,859,423)**	**$ 16,210,706**

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

Three month periods ended November 30, 2022 and 2021

	2022	2021
Operating activities		
Loss for the period	$ (297,373)	$ (247,450)
Adjustment for items not involving cash:		
Depreciation	353	441
Foreign exchange loss (gain)	321	-
	(296,699)	(247,009)
Changes in non-cash working capital:		
Accounts receivable	(65,150)	(17,807)
Prepaid expenses	49,856	82,241
Accounts payable and accrued liabilities	(138,111)	92,246
	(450,104)	(90,329)
Investing activities		
Purchase of equipment	-	(2,798)
Investments in exploration and evaluation assets	(245,547)	(303,612)
	(245,547)	(306,410)
Net change in cash	(695,651)	(396,739)
Effect of foreign exchange on cash	23,573	(2,303)
Cash, beginning of period	7,155,593	10,267,287
Cash, end of period	$ 6,483,515	$ 9,868,245
Supplemental cash flow information		
Interest received (repaid)	$ (54,750)	$ 28,356
Income taxes paid	-	-

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements

1. Nature and Continuance of Operations

The Company was incorporated on November 19, 2018 under the laws of the Province of British Columbia, Canada.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As of November 30, 2022, the Company was in the exploration stage and had interests in properties in Durango, Mexico and Ontario, Canada.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management considers all available information about the future within one year from the date the condensed consolidated interim financial statements are issued.

The Company has sustained losses from operations and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As of November 30, 2022, the Company had working capital of $6,783,705 (August 31, 2022 – $7,302,378). Based on its current plans, budgeted expenditures and cash requirements, the Company has sufficient cash to finance its current plans for at least 12 months from the date the condensed consolidated interim financial statements are issued.

The Company expects it will need to raise substantial additional capital to accomplish its plans over the next several years. The Company intends to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and the Russian Federation regarding the conflict in Ukraine and potential economic global challenges, such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

The address of the Company is 179 - 2945 Jacklin Road, Suite 416, Victoria, British Columbia, V9B 6J9, Canada.

2. Significant Accounting Policies

Basis of Presentation

These condensed consolidated interim financial statements, including comparatives, comply with IAS 34 – Interim Financial Reporting. The policies applied herein are based on IFRS issued and outstanding as of the date the Board of Directors approved these condensed consolidated interim financial statements.

2. Significant Accounting Policies (continued)

Basis of Presentation (continued)

These condensed consolidated interim financial statements are presented in the Company's presentation currency – the Canadian dollar – on a historical cost basis except for certain items that are measured at fair value. The accounting policies described herein have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiary, Meta Victoria, S.A. de C.V. of Mexico. As of November 30, 2022, the Company owned and controlled 100% (August 31, 2022 – 100%) of its subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its subsidiary. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

Financial Instruments

The Company recognizes a financial asset or financial liability in the Condensed Consolidated Interim Statements of Financial Position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement
The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Classification and Measurement (continued)
After initial recognition at fair value, financial liabilities are classified and measured at either:

a) amortized cost;
b) FVTPL if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
c) FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at FVTOCI or amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash which is classified and measured at FVTPL with realized and unrealized gains or losses related to changes in fair value reported in profit or loss. The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Impairment
The Company assesses all information available including, on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available and reasonable and supportive forward-looking information.

Cash

For purposes of reporting cash flows, the Company considers cash to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The Company places its cash with institutions of high creditworthiness.

2. Significant Accounting Policies (continued)

Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. Equipment is amortized using the declining-balance method at a rate of 20% per year.

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and pre-exploration expenses, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements whereby the Company will transfer part of a mineral interest as consideration for an agreement by the optionee to meet certain exploration and evaluation expenditures, which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the exploration and evaluation asset given up by the Company with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation costs in excess of estimated recoveries are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date and when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets. Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

2. Significant Accounting Policies (continued)

Decommissioning Provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on internal estimates discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of reclamation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred upon cessation of exploration and evaluation or at the end of the life of a mine.

Loss per Share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants had an anti-dilutive impact in 2022 and 2021. There were 2,750,000 outstanding options as of November 30, 2022 (August 31, 2022 – 2,750,000) that were not included in the calculation of diluted per share amounts.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share Capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Commissions and finders’ fees paid to underwriters, agents and finders and other related share issue costs, such as legal, auditing and printing, on the issue of the Company’s shares are charged directly to share capital.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

2. Significant Accounting Policies (continued)

Share Capital (continued)

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing trade price on the announcement date. The residual balance, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period to get ready for their intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense.

Share-based Compensation

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

2. Significant Accounting Policies (continued)

Share-based Compensation (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid. When stock options expire or are forfeited, the applicable amounts of reserves are transferred to deficit.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary, Meta Victoria, S.A. de C.V., is the Mexican Peso. The functional currency is the currency of the primary economic environment in which the component operates. The Company's condensed consolidated interim financial statements are presented in Canadian dollars.

Transactions in foreign currencies are translated to the functional currency of each entity at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate in effect at that date. Nonmonetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized in profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of income (loss) are translated at the average exchange rates for the reporting period. The exchange differences arising on consolidation are recognized in other comprehensive income or loss. On disposal of a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is reclassified to profit or loss.

2. Significant Accounting Policies (continued)

Flow-Through Shares

The Company may, from time to time, issue flow-through common shares to finance its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Upon issuance, the Company bifurcates the flow-through share into: (i) share capital; and (ii) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the investors. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Impairment of Long-Lived Assets

Management evaluates non-current assets at each reporting period for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

Significant Accounting Estimates and Judgements

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the financial statement date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future years.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant Accounting Policies (continued)

Significant Accounting Estimates and Judgements (continued)

Critical Accounting Estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

Exploration and evaluation expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures requires estimate 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. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Reclamation and environmental obligations
Reclamation provisions have been created based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates consider any material changes to the assumptions that occur when reviewed regularly by management.

Estimates are reviewed at least annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time the reclamation costs are actually incurred. The final cost of the currently recognized reclamation provisions may be higher or lower than currently provided for.

Critical Accounting Judgements
Critical accounting judgements are accounting policies that have been identified as being complex or involve subjective judgements or assessments. There were no significant judgements required by management in the preparation of the condensed consolidated interim financial statements.

New Accounting Standards and Interpretations Recently Adopted

The following standard was adopted by the Company effective September 1, 2020, but had no material impact on these financial statements:

Amendment to IAS 1: Presentation of Financial Statements
Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

3. Capital Management

The Company manages its capital to continue as a going concern largely through issuances of shares. These share issues depend on several factors, including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management. The capital structure of the Company consists of shareholders' equity, comprising share capital, share-based payment reserve and deficit. The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the period ended November 30, 2022.

4. Financial Instruments

The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these instruments unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company monitors and manages the risks relating to its financial instruments through analysis of exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk.

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. As of November 30, 2022, such contractual obligations comprised cash held with high creditworthy financial institutions in the amount of $6,483,515 (August 31, 2022 – $7,155,593). Management considers this risk to be negligible.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. As of November 30, 2022, the Company had working capital of $6,783,705 (August 31, 2022 – $7,302,378). Management anticipates that the Company will be able to meet its obligations as they become due.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of currency risk, interest rate risk and other price risk. Management considers this risk to be negligible.

4. Financial Instruments (continued)

Market risk (continued)

Currency risk
Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and Mexico and incurs operating and exploration expenditures in Canadian dollars, Mexican Pesos and United States dollars. The fluctuation of the Canadian dollar in relation to other currencies will have an impact upon the results of the Company. The Company does not hold substantial funds in foreign currencies, and only a small amount of its accounts payable and accrued liabilities is denominated in foreign currencies. A fluctuation in the exchanges rates between Canadian dollars and Mexican Pesos of 10% would result in a $7,900 change in the Company's cash and a $237,500 change in net assets. The Company does not use any techniques to mitigate currency risk.

Interest rate risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. Management considers this risk to be negligible.

Fair Value Hierarchy

Financial instruments recorded at fair value in the Condensed Consolidated Interim Statements of Financial Position are classified using 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 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on 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 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash is measured using Level 1 of the fair value hierarchy.

5. Exploration and Evaluation Assets

La Joya Project, Durango, Mexico

In August 2020, the Company acquired an option to purchase an initial 80% indirect interest in the La Joya Project comprising 15 mineral concessions located approximately 75 kilometres southeast of Durango in the State of Durango, Mexico and, if exercised, a second option to acquire the remaining 20% interest.

To exercise the first option and acquire an 80% interest in the optionor's subsidiary that owns the La Joya Project, the Company must: (i) pay $1,300,000 over four years (of which $700,000 has been paid and $600,000 was waived pursuant to the agreement) plus annual holding costs; (ii) issue common shares of the Company equal to 19.9% of its then-issued and outstanding shares (for which 5,146,401 shares with a fair value of $0.99 per share were issued); and (iii) incur exploration expenditures on the property of not less than $1,000,000 within three years of entering into a surface rights agreement relating to the property, but in any event by August 7, 2025. The optionor will reserve for itself a 2% net smelter returns royalty.

To exercise the second option and acquire the remaining 20% interest in the optionor's subsidiary that owns the La Joya Project, the Company must, within 30 days after exercising its first option, issue common shares of the Company equal to 5% of its then-issued and outstanding shares.

Longlegged Lake Property, Red Lake, Ontario, Canada

In April 2022, the Company exercised its option to purchase 100% of the Longlegged Lake Property comprising eight cell claims located in the Red Lake Mining Division of northwestern Ontario, Canada. To exercise the option, the Company paid the optionor $85,000 and granted a 1.5% net smelter returns royalty. The Company may repurchase half of the royalty for $500,000.

Pakwash Lake Property, Red Lake, Ontario, Canada

In April 2022, the Company exercised its option to purchase a 100% interest in the Pakwash Lake Property comprising 18 cell claims located in the Red Lake Mining Division of northwestern Ontario, Canada. To exercise the option, the Company paid the optionor $131,000 and granted a 1.5% net smelter returns royalty. The Company may repurchase half of the royalty for $500,000.

6. Share Capital

Authorized

An unlimited number of common shares without par value

(Expressed in Canadian Dollars)

6. Share Capital (continued)

Escrow Shares

The Company is party to an escrow agreement with four directors, officers and former directors pursuant to which as of November 30, 2022 300,001 common shares were held in escrow (August 31, 2022 – 600,001) and will be released in six equal instalments over a period of three years.

Common Shares

In January 2022, the Company issued 50,000 shares at a price of $0.15 per share upon the exercise of incentive stock options. The Company's common shares were trading at an average price of $0.72 per share when the stock options were exercised.

Warrants

As of November 30, 2022 and August 31, 2022, the Company had no outstanding warrants to purchase common shares.

Stock Options

The Company adopted a stock option plan whereby up to a maximum of 10% of the outstanding shares of the Company as of the date of grant are reserved for the grant and issuance of incentive stock options. Under the plan, the exercise price of an option may not be set at less than the market price of the Company's common shares on the grant date and the options may be exercisable for up to 10 years. The aggregate number of options granted to any one individual during any twelve-month period may not exceed 5% of the issued shares of the Company. Furthermore, the aggregate number of options granted to all investor relations representatives during any twelve-month period may not exceed 1% of the issued shares of the Company.

The Company granted no stock options during the three-month periods ended November 30, 2022 or 2021.

A summary of the Company's stock options as of November 30, 2022 and August 31, 2022, and the changes for the periods ending on those dates is as follows:

	Number Outstanding and Exercisable		Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balances, August 31, 2021	3,200,000	$	1.48	4.2
Options granted	-		-	
Options exercised	(50,000)		0.15	
Options forfeited	(400,000)		1.75	
Balances, August 31, 2022	2,750,000		1.46	3.2
Options granted	-		-	
Options exercised	-		-	
Balances, November 30, 2022	2,750,000	$	1.46	2.9

(Expressed in Canadian Dollars)

6. Share Capital (continued)

Stock Options (continued)

A summary of stock options outstanding as of November 30, 2022 and August 31, 2022 is as follows:

		Number of Stock Options Outstanding and Exercisable	
Exercise Price Per Share	Expiry Date	November 30, 2022	August 31, 2022
$0.15	October 23, 2024	200,000	200,000
$0.59	June 26, 2025	400,000	400,000
$1.75	December 14, 2025	1,850,000	1,850,000
$1.75	March 9, 2026	300,000	300,000
		2,750,000	2,750,000

7. Related Party Transactions

The following transactions with related parties have been valued in these condensed consolidated interim financial statements at the exchange amount, which is the amount of consideration established and agreed to by the parties:

Key Management Compensation

During the three-month period ended November 30, 2022, the Company paid management and administration fees of $15,000 (2021 – $15,000) to a corporation controlled by the Company's Chief Executive Officer.

8. Segmented Disclosure

The Company has one operating segment: mineral exploration and development. The Company's reportable segments are summarized as follows:

Geographical information

Non-current assets	Canada	Mexico	Total
November 30, 2022	$910,731	$8,516,270	$9,427,001
August 31, 2022	911,084	8,149,087	9,060,171

Silver Dollar Resources Inc.

Condensed Consolidated Interim Schedule of Exploration and Evaluation Assets

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

Three month period ended November 30, 2022

	La Joya	Longlegged Lake	Pakwash Lake	Totals
Acquisition costs				
Option payments, cash	$ -	$ -	$ -	$ -
Staking, renewal and other	5,107	-	.	5,107
Foreign exchange	3,212	-	-	3,212
	8,319	-	-	8,319
Opening balance	6,003,468	85,000	131,000	6,219,468
	6,011,787	85,000	131,000	6,227,787
Deferred exploration expenditures				
Assays	46,106	-	-	46,106
Camp costs	332	-	-	332
Drilling	130,931	-	-	130,931
Field costs	8,133	-	-	8,133
Geological consulting	2,605	-	-	2,605
Geology	1,760	-	-	1,760
Line cutting and geophysics	8,154	-	-	8,154
Meals and lodging	11,995	-	-	11,995
Transport	30,423	-	-	30,423
Foreign exchange	118,425	-	-	118,425
	358,864	-	-	358,864
Opening balance	2,145,619	592,735	95,290	2,833,644
	2,504,483	592,735	95,290	3,192,508
Balance, November 30, 2022	$ 8,516,270	$ 677,735	$ 226,290	$ 9,420,295

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.

Condensed Consolidated Interim Schedule of Exploration and Evaluation Assets
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

Three month period ended November 30, 2021

	La Joya	Longlegged Lake	Pakwash Lake	Totals
Acquisition costs				
Option payments, cash	$ -	$ -	$ 25,000	$ 25,000
Staking, renewal and other	-	-	-	-
	-	-	25,000	25,000
Opening balance	5,689,184	40,000	36,000	5,765,184
	5,689,184	40,000	61,000	5,790,184
Deferred exploration expenditures				
Assays	3,807	-	-	3,807
Drilling	139,192	-	-	139,192
Environmental consulting	13,800	-	-	13,800
Geological consulting	82,897	-	-	82,897
Geology	13,800	-	-	13,800
Prospecting and mapping	-	8,159	8,159	16,318
Reporting and analysis	8,019	-	-	8,019
	261,515	8,159	8,159	277,833
Opening balance	264,405	584,576	17,744	866,725
	525,920	592,735	25,903	1,144,558
Balance, November 30, 2021	$ 6,215,104	$ 632,735	$ 86,903	$ 6,934,742

The accompanying Notes to the Condensed Consolidated Interim Financial Statements are an integral part of these financial statements