



**CASCADA**  
SILVER CORP.

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**Cascada Silver Corp.**

**Condensed Interim Consolidated Financial Statements  
For the Period from  
August 25, 2020 (Incorporation) to March 31, 2021**

**Expressed in Canadian Dollars  
Unaudited**

**Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of Cascada Silver Corp. have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by Cascada Silver Corp.'s auditors.

**Cascada Silver Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

	As at March 31, 2021
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 3,460,820
Amounts receivable	34,251
Prepaid expenses	107,922
<b>Total current assets</b>	<b>3,602,993</b>
<b>Non-current assets</b>	
Exploration and evaluation assets (note 5)	441,252
<b>Total assets</b>	<b>\$ 4,044,245</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	\$ 293,124
<b>Total liabilities</b>	<b>293,124</b>
<b>Equity</b>	
Share capital (note 6)	2,617,384
Contributed surplus (note 6)	174,200
Warrants (note 6)	1,607,900
Accumulated other comprehensive loss	(304)
Deficit	(648,059)
<b>Total equity</b>	<b>3,751,121</b>
<b>Total equity and liabilities</b>	<b>\$ 4,044,245</b>

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

Nature of operations (note 1)  
 Going concern (note 2)

**Approved on behalf of the Board:**

(Signed) "Thomas Pladsen"      Director

(Signed) "Carl Hansen"      Director

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**Cascade Silver Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

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	Period from August 25, 2020	
	Three Months (Incorporation) Ended March 31, 2021	to March 31, 2021
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<b>Expenses</b>		
Professional fees	\$ 153,746	\$ 261,227
Transfer agent	4,434	12,741
Filing fees	10,000	10,500
Investor relations	39,057	65,723
General and administrative	9,787	36,965
Share-based payments (notes 6 and 7)	174,200	174,200
Foreign exchange loss	32,937	88,354
<b>Net loss before other items</b>	<b>(424,161)</b>	<b>(649,710)</b>
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<b>Other items</b>		
Interest income	721	1,651
<b>Net loss for the period</b>	<b>(423,440)</b>	<b>(648,059)</b>
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<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation	(304)	(304)
<b>Comprehensive loss for the period</b>	<b>\$ (423,744)</b>	<b>\$ (648,363)</b>
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<b>Basic and diluted net loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>
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<b>Weighted average number of common shares outstanding</b>	<b>25,483,878</b>	<b>15,956,706</b>

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

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**Cascade Silver Corp.****Condensed Interim Consolidated Statements of Changes in Equity****(Expressed in Canadian Dollars)****Unaudited**

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	Share capital	Special warrants	Contributed surplus	Warrants	Accumulated other comprehensive loss	Deficit	Total
<b>Balance, August 25, 2020 (incorporation)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash (note 6(b))	178,101	-	-	-	-	-	178,101
Special warrants issued for cash (note 6(c))	-	4,489,000	-	-	-	-	4,489,000
Special warrants issuance costs	-	(441,817)	-	-	-	-	(441,817)
Special warrants converted (note 6(c))	4,039,883	(4,039,883)	-	-	-	-	-
Warrant valuation	(1,600,600)	(7,300)	-	1,607,900	-	-	-
Share-based payments	-	-	174,200	-	-	-	174,200
Net loss for the period	-	-	-	-	(304)	(648,059)	(648,363)
<b>Balance, March 31, 2021</b>	<b>\$ 2,617,384</b>	<b>\$ -</b>	<b>\$ 174,200</b>	<b>\$ 1,607,900</b>	<b>\$ (304)</b>	<b>\$ (648,059)</b>	<b>\$ 3,751,121</b>

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

**Cascada Silver Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

	Period from August 25, 2020 (Incorporation) to March 31, 2021
<b>Operating activities</b>	
Net loss for the period	\$ (648,059)
Adjustments for:	
Share-based payments	174,200
Changes in non-cash working capital items:	
Sales tax receivable	(34,251)
Prepaid expenses	(107,922)
Accounts payable and accrued liabilities	293,124
<b>Net cash used in operating activities</b>	<b>(322,908)</b>
<b>Investing activities</b>	
Exploration and evaluation assets	(443,657)
<b>Net cash used in investing activities</b>	<b>(443,657)</b>
<b>Financing activities</b>	
Issuance of common shares for cash	178,101
Issuance of special warrants for cash, net of issuance costs	4,047,183
<b>Net cash provided by financing activities</b>	<b>4,225,284</b>
<b>Net change in cash</b>	<b>3,458,719</b>
<b>Effect of exchange rate changes on cash</b>	<b>2,101</b>
<b>Cash, beginning of period</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 3,460,820</b>
<b>Supplemental cash flow information</b>	
Broker warrants issued	\$ 7,300

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

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# **Cascada Silver Corp.**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Period from August 25, 2020 (Incorporation) to March 31, 2021**

**(Expressed in Canadian Dollars)**

**Unaudited**

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### **1. Corporate Information and Nature of Operations**

Cascada Silver Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on August 25, 2020. On October 2, 2020, the Company continued its incorporation to the province of British Columbia. The Company is in the business of exploration and evaluation of mineral properties in South America. The Company has one 100% owned Chilean subsidiary, Atacama Silver SpA. The address of the Company's corporate office and principal place of business is 25 Adelaide Street East, Suite 1900, Toronto, Ontario, Canada.

The Company's common shares began trading on the Canadian Securities Exchange ("CSE") on March 12, 2021 under the symbol "CSS".

### **2. Going Concern**

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of \$648,059 as at March 31, 2021. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management will pursue funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

### **3. Basis of Presentation and Statement of Compliance**

#### **Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as described in note 3 to the most recent audited financial statements for the period ending December 31, 2020.

The unaudited condensed interim consolidated financial statements for the period ended March 31, 2021 were reviewed and authorized for issue by the Board of Directors on May 31, 2021.

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## **Cascada Silver Corp.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**Period from August 25, 2020 (Incorporation) to March 31, 2021**

**(Expressed in Canadian Dollars)**

**Unaudited**

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### **3. Basis of Presentation and Statement of Compliance (continued)**

#### **Basis of measurement**

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The preparation of these unaudited condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### **4. Accounting Estimates and Judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include:

- recoverability and measurement of deferred tax assets;
- recoverable amount of its evaluation and exploration assets; and
- fair value of stock-based transactions.

Significant judgments:

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The significant judgments in the Company's financial statements include:

- management's assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- management's determination of the functional currency of the Company and its subsidiary as the Canadian dollar, based on the facts and circumstances that existed during the period.

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## Cascada Silver Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Period from August 25, 2020 (Incorporation) to March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

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#### 5. Exploration and Evaluation Assets

The Company's exploration and evaluation asset activities were as follows:

	Agua Amarga Project	Gema Concessions	Total
Balance, August 25, 2020	\$ -	\$ -	\$ -
Acquisition	52,120	18,990	71,110
Field exploration	208,533	58,768	267,301
Other exploration	69,804	35,442	105,246
Foreign exchange differences	(1,645)	(760)	(2,405)
Balance, March 31, 2021	\$ 328,812	\$ 112,440	\$ 441,252

#### Agua Amarga Project

On September 30, 2020, the Company, through its wholly-owned Chilean subsidiary, entered into an option agreement with Aragonita Asesorias Ltda. ("Aragonita"), an arm's length Chilean company, to acquire a 100% interest in the Agua Amarga Project, covering a total area of 1,465 hectares located in Region III, Chile. The Agua Amarga Project includes the Barrick Claims and the Lourdes Claims.

Pursuant to the terms of the option agreement, the Company is required to:

- make a cash payment of US\$40,000 on signing (paid);
- make a cash payment of US\$80,000 and incur US\$250,000 of exploration expenditures by August 31, 2021 (\$278,337 expended);
- make a cash payment of US\$180,000 and complete 2,500 metres of drilling by August 31, 2022;
- make a cash payment of US\$250,000 by August 31, 2023; and
- make a cash payment of US\$1,950,000 and complete 10,000 metres of drilling by August 31, 2024.

The Agua Amarga Project is subject to:

- a net smelting return ("NSR") of 1% over precious metals and 5% base metal net profit interest on the Barrick Claims payable to Barrick Chile Limitada; and
- a 1% NSR on the Barrick Claims and 2% NSR on the Lourdes Claims payable to Aragonita.

The Company can buy back 0.5% of the Barrick Claims NSR and 1% of the Lourdes Claims NSR for US\$2,000,000 until one year after the start of commercial production.



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## **Cascada Silver Corp.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**Period from August 25, 2020 (Incorporation) to March 31, 2021**

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**Unaudited**

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#### **5. Exploration and Evaluation Assets (continued)**

##### **Gema Concessions**

On September 30, 2020, the Company, through its wholly-owned Chilean subsidiary, entered into an assignment agreement with SBX Asesorías e Inversiones Limitada, an arm's length Chilean company ("SBX"), to acquire a 100% interest in the Gema concessions, located in Region III, Chile. The Gema concessions include three projects, Marilin, El Gringo and Guanaca, that were originally optioned to SBX by arm's length Chile optionors.

Pursuant to the terms of the assignment agreement, the Company is required to:

- make a cash payment of US\$15,000 by March 15, 2021 (paid);
- make a cash payment of US\$60,000 by June 15, 2021;
- make a cash payment of US\$90,000 by September 15, 2021;
- make a cash payment of US\$45,000 by January 15, 2022;
- make a cash payment of US\$300,000 by September 15, 2022;
- make a cash payment of US\$825,000 by July 15, 2023;
- make a cash payment of US\$1,290,000 by May 15, 2024; and
- make a cash payment of US\$1,154,000 by March 15, 2025.

The Gema concessions are subject to a 1% NSR on the Marilin project, 1.5% NSR on the El Gringo project and 1.5% NSR on the Guanaca project. The Company can buy back a 0.5% NSR on all projects for US\$1,000,000 each.

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## Cascade Silver Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Period from August 25, 2020 (Incorporation) to March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

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#### 6. Share Capital

##### (a) Authorized share capital

Unlimited number of common shares without par value.

##### (b) Issued

	Number of shares	Share capital
Balance, August 25, 2020	-	\$ -
Common shares issued for cash (i)(ii)(iii)	15,281,100	178,101
Special warrants converted (note 6(c))	49,379,000	4,039,883
Warrant valuation (ii)(iii)	-	(1,600,600)
Balance, March 31, 2021	64,660,100	\$ 2,617,384

(i) The Company was incorporated by issuing 100 common shares for \$1.

(ii) On October 13, 2020, the Company issued 15,000,000 units ("Units") at \$0.01 per Unit for gross proceeds of \$150,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per common share until March 11, 2024. The Company's key management subscribed for 6,550,000 Units in the financing.

The 15,000,000 warrants issued were determined to have a fair value of \$29,500 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following current market assumptions: expected dividend yield 0%, risk free rate of 0.24%, expected life of 3.2 years and expected volatility of 100%.

(iii) On March 12, 2021, the Company issued 281,000 units ("IPO Units") at \$0.10 per IPO Unit for gross proceeds of \$28,100. Each IPO Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 per common share at any time up to March 11, 2024.

The 281,000 warrants issued were determined to have a fair value of \$8,900 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following current market assumptions: expected dividend yield 0%, risk free rate of 0.55%, expected life of 3 years and expected volatility of 100%.

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## Cascade Silver Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Period from August 25, 2020 (Incorporation) to March 31, 2021

(Expressed in Canadian Dollars)

Unaudited

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#### 6. Share Capital (continued)

##### (c) Special warrants

On October 15, 2020 the Company issued 44,890,000 special warrants ("Special Warrants") at \$0.10 per Special Warrant for gross proceeds of \$4,489,000. Each Special Warrant was exercisable for one unit ("SW Unit") consisting of one common share and one common share purchase warrant ("SW Warrant"). Each SW Warrant entitled the holder to purchase one common share at an exercise price of \$0.15 per common share at any time until March 11, 2024. In the event that the listing and posting for trading on a recognized Canadian exchange was not completed by February 12, 2021, each Special Warrant was entitled to receive, at no additional consideration, one-and-one-tenth SW Units (instead of one SW Unit). The Company incurred \$441,817 of cash issuance costs and issued 3,591,200 broker warrants. Each broker warrant will entitle the agent to purchase one SW Unit at a price \$0.10 per SW Unit until September 11, 2022.

The 3,591,200 broker warrants were determined to have a fair value of \$7,300 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following current market assumptions: expected dividend yield 0%, risk free rate of 0.23%, expected life of 3.7 years and expected volatility of 100%.

The Company's common shares were not listed and posted for trading on a recognized Canadian exchange by February 12, 2021. As a result, each Special Warrant holder was entitled to receive, at no additional consideration, one and-one-tenth SW Units (instead of one SW Unit) when exercised. On March 12, 2021, the Company's common shares began trading on the CSE and the 44,890,000 Special Warrants were converted into 49,379,000 SW Units. The 49,379,000 SW Warrants were determined to have a fair value of \$1,562,200 at the time of grant as estimated using the Black-Scholes option pricing model. The model used the following current market assumptions: expected dividend yield 0%, risk free rate of 0.55%, expected life of 3 years and expected volatility of 100%.

##### (d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, August 25, 2020	-	\$ -
Issued	64,660,000	0.15
Balance, March 31, 2021	64,660,000	\$ 0.15

The following table reflects the warrants outstanding as of March 31, 2021:

Expiry date	Number of warrants outstanding	Exercise price (\$)	Remaining life (years)
March 11, 2024	64,660,000	0.15	2.9

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**Cascada Silver Corp.****Notes to Condensed Interim Consolidated Financial Statements****Period from August 25, 2020 (Incorporation) to March 31, 2021****(Expressed in Canadian Dollars)****Unaudited**

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**6. Share Capital (continued)****(e) Broker warrants**

Broker warrant transactions and the number of broker warrants outstanding are summarized as follows:

	<b>Number of broker warrants</b>	<b>Weighted average exercise price</b>
Balance, August 25, 2020	-	\$ -
Issued	3,591,200	0.10
Balance, March 31, 2021	3,591,200	\$ 0.10

The following table reflects the broker warrants outstanding as of March 31, 2021:

<b>Expiry date</b>	<b>Number of broker warrants outstanding</b>	<b>Exercise price (\$)</b>	<b>Remaining life (years)</b>
September 11, 2022	3,591,200	0.10	1.5

**(f) Stock options**

A summary of changes of the Company's stock options is presented below for the period ended March 31, 2021:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
Balance, August 25, 2020	-	\$ -
Granted (i)(ii)	3,925,000	0.15
Balance, March 31, 2021	3,925,000	\$ 0.15

(i) On March 30, 2021, the Company granted 300,000 stock options to a consultant of the Company. Each option entitles the holder to acquire one common share at an exercise price of \$0.15 until 30 days after the termination of an investor relations agreement and vests immediately. The options issued were determined to have a fair value of \$6,400 at the time of grant as estimated using the Black-Scholes option pricing model using the following current market assumptions: expected dividend yield 0%, risk free rate of 0.23%, expected life of 1 year and expected volatility of 100%.

(ii) On March 30, 2021, the Company granted 3,625,000 stock options to directors, officers and consultants of the Company. Each option entitles the holder to acquire one common share at an exercise price of \$0.15 until March 31, 2024 and vests immediately. The options issued were determined to have a fair value of \$167,800 at the time of grant as estimated using the Black-Scholes option pricing model using the following current market assumptions: expected dividend yield 0%, risk free rate of 0.49%, expected life of 3 years and expected volatility of 100%.

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**Cascada Silver Corp.****Notes to Condensed Interim Consolidated Financial Statements****Period from August 25, 2020 (Incorporation) to March 31, 2021****(Expressed in Canadian Dollars)****Unaudited**

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**6. Share Capital (continued)****(f) Stock options (continued)**

The following table reflects the actual stock options issued and outstanding as of March 31, 2021:

<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Exercise price (\$)</b>	<b>Remaining life (years)</b>
March 31, 2022	300,000	0.15	1.0
March 31, 2024	3,625,000	0.15	3.0
	3,925,000	0.15	2.85

**7. Related Party Transactions**

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel include directors and officers.

During the period from August 25, 2020 (incorporation) to March 31, 2021, share-based payments to key management personnel totalled \$92,579.

During the period from August 25, 2020 (incorporation) to March 31, 2021, the Company's CEO, directors and key management subscribed for a total of 6,850,000 units in the October 2020 financing (note 6).