

LAKEWOOD EXPLORATION INC.
BUSINESS ACQUISITION REPORT
FORM 51-102F4

Item 1. Identity of Company

1.1 Name and Address of Company

Lakewood Exploration Inc.

200 – 551 Howe Street
Vancouver, British Columbia, V6C 2C2

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this business acquisition report:

Executive Officer: Alnesh Mohan, CFO

Telephone: 604-677-1766

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

Share Exchange Agreement

On June 16, 2021, the Company acquired all of the issued and outstanding shares (the "**Acquisition**") of Silver Hammer Mining Corp. ("**Silver Hammer**") pursuant to the terms of a Share Exchange Agreement dated May 31, 2021 (the "**Share Exchange Agreement**"). As a result of the completion of the Acquisition, Silver Hammer has become a wholly-owned subsidiary of the Company.

Silver Hammer is a junior mining company incorporated pursuant to the laws of British Columbia which holds a 100% interest in a prospective silver-zinc project located in Idaho, United States, being the Silver Strand Project. For additional details regarding the Silver Strand Project, see the Company's news release dated May 31, 2021, a copy of which have been filed under the Company's profile on SEDAR at www.sedar.com.

2.2 Date of Acquisition

The Company completed the Acquisition on June 16, 2021.

2.3 Consideration

In consideration of the Acquisition, the Company issued an aggregate of 8,000,000 common shares in the capital of the Company pro rata to the Silver Hammer securityholders at a deemed price of \$0.25 per common share. In connection with the Acquisition, the Company also issued

500,000 common shares with a deemed price of \$0.25 per share to an arm's length third party as a finder's fee.

All common shares of the Company issued in connection with the Acquisition will be subject to the following voluntary hold periods: 25% of the shares will be released on September 16, 2021 and an additional 25% will be released every 3 months thereafter until all of the shares have been released.

Further information regarding the Acquisition and the Offering can be found in the Company's material change report dated June 16, 2021, copies of which have been filed under the Company's profile on SEDAR at www.sedar.com.

2.4 Effect on Financial Position

The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries, including Silver Hammer, which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

Not Applicable

2.6 Parties to the Transaction

The Acquisition was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51 – 102 *Continuous Disclosure Obligations*.

2.7 Date of Report

August 30, 2021

Item 3. Financial Statements

The following financial statements are attached to this Business Acquisition Report:

- Schedule A – audited financial statements of Silver Hammer for the fiscal year ended September 30, 2020 and for the period from the date of incorporation on February 1, 2019 to September 30, 2019; and
- Schedule B – unaudited interim financial statements of Silver Hammer for the three and six month periods ended March 31, 2021.

SCHEDULE A

Audited Financial Statements of Silver Hammer for the Fiscal Year ended September 30, 2020
and for the period from the Date of Incorporation on February 1, 2019 to September 30, 2019

[see attached]



SILVER HAMMER MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**For the Year Ended September 30, 2020 and for the Period from the Date of
Incorporation on February 1, 2019 to September 30, 2019**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors of Silver Hammer Mining Corp.

Opinion

We have audited the consolidated financial statements of Silver Hammer Mining Corp. (the "Company") which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the year ended September 30, 2020 and for the period from incorporation on February 1, 2019 to September 30, 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the year ended September 30, 2019 and for the period from incorporation on February 1, 2019 to September 30, 2019 in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
August 30, 2021

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at Note	September 30, 2020 \$	September 30, 2019 \$
ASSETS			
Current assets			
Cash		-	30
Deposits	1	34,744	-
TOTAL ASSETS		34,744	30
LIABILITIES			
Current liabilities			
Accrued liabilities		22,772	-
Due to related party	3	34,744	-
TOTAL LIABILITIES		57,516	-
EQUITY (DEFICIENCY)			
Share capital	4	30	30
Deficit		(22,802)	-
TOTAL EQUITY (DEFICIENCY)		(22,772)	30
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		34,744	30
Nature of Operations and Going Concern	1		
Subsequent Events	1, 4		

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director

/s/ Jones Lang Director

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the year ended September 30, 2020	For the period from incorporation on February 1, 2019 to September 30, 2019
	\$	\$
Expenses		
Accounting and audit	20,000	-
Foreign exchange loss	393	-
Legal fees	1,594	-
Office	271	-
Regulatory and filing fees	544	-
Total loss and comprehensive loss	22,802	-
Basic and diluted loss per share for the period attributable to common shareholders	0.00	-
Weighted average number of common shares outstanding - basic and diluted	6,250,000	6,250,000

See accompanying notes to these consolidated financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Consolidated Statements of Equity (Deficiency)

(Expressed in Canadian Dollars)

		<u>Share capital</u>			
	Note	Number of shares	Amount \$	Deficit \$	Total \$
Incorporators' shares, February 1, 2019	1, 4	6,250,000	30	-	30
Balance as at September 30, 2019		6,250,000	30	-	30
Net loss for the year		-	-	(22,802)	(22,802)
Balance as at September 30, 2020		6,250,000	30	(22,802)	(22,772)

See accompanying notes to these consolidated financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	For the year ended September 30, 2020 \$	For the period from incorporation on February 1, 2019 to September 30, 2019 \$
Cash flows provided by (used in):			
OPERATING ACTIVITIES			
Net loss for the period		(22,802)	-
Change in non-cash working capital			
Deposits		(34,744)	-
Accrued liabilities		22,772	-
Due to related party		34,744	-
Cash flow used in operating activities		(30)	-
FINANCING ACTIVITIES			
Share issued for cash	4	-	30
Cash flow from financing activities		-	30
Change in cash		(30)	30
Cash, beginning of period		30	-
Cash, end of period		-	30
Supplementary cash flow information			
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

See accompanying notes to these consolidated financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 1, 2019 (the “Date of Incorporation”). The Company is currently engaged in exploration of mineral properties and entered into acquisition agreements (see below) to acquire certain mineral interests located in the State of Idaho, United States of America.

On February 4, 2019, 123456 US Inc., a wholly-owned subsidiary of the Company, was incorporated under the laws of the State of Delaware (the “USCo”).

The head office and the registered head office of the Company is located at 910 – 510 Burrard Street Vancouver, BC V6C 3A8. On August 30, 2021 the Board of Directors approved the consolidated financial statements for year ended September 30, 2020 and the period from the date of incorporation on February 1, 2019 to September 30, 2019.

The Company has not commenced commercial operations. Given the nature of the activities, no separate segmented information is reported. The Company’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of September 30, 2020, the Company had not advanced its mineral properties to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. These consolidated financial statements do not include any adjustments that might result from this uncertainty.

Acquisition Agreement with Gold Rush Expeditions, Inc.

On August 21, 2020, the Company through USCo entered into a purchase contract with Gold Rush Expeditions, Inc. (“GRE”) (the “GRE Agreement”) to acquire 100% interest of the Silver Strand and Burnt Mineral Claims (the “GRE Claims”) with a purchase price of US\$130,000. The Company is required to pay US\$26,000 (\$34,744) (paid) on or before August 28, 2020 (the “Date of Deposit”) and the remaining balance of US\$104,000 will be due within 120 days of the Date of Deposit (paid subsequent to September 30, 2020).

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS (CONTINUED)

Asset Purchase Agreement with Silver Strand Development LLC.

On January 21, 2021 (the "SSD Effective Date"), the Company through USCo entered into an asset purchase agreement with Silver Strand Development LLC. ("SSD") (the "SSD Agreement") to acquire a 100% interest in certain mineral claims (the "SSD Claims") located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000 to SSD for the transfer of the title to USCo of the SSD Claims (the "Transfer of Title") (paid subsequent to September 30, 2020);
- Pay US\$25,000 to SSD within 5 business days of the completion of a transaction that will result in the Company's securities being listed on a stock exchange in Canada or are exchanged for securities of an entity listed on a stock exchange in Canada (the "PubCo Share"), including but not limited to an initial public offering of the securities of the Purchaser or a reverse takeover (the "Going Public Transaction") (paid subsequent to September 30, 2020);
- Issue 200,000 PubCo Shares to SSD at the date of the completion of the Going Public Transaction;
- Pay US\$25,000 to SSD on the anniversary following the completion of the Going Public Transaction; and
- Issue 200,000 PubCo Shares to SSD on the anniversary following the completion of the Going Public Transaction.

In addition, from the SSD Effective Date, the Company is required to pay the claim fees to the United States Bureau of Land Management, pay the fees, and file the notices to Kootenai County, Idaho, no later than August 15th of each year.

Notwithstanding the foregoing, in the event the Going Public Transaction does not complete within two years of the Transfer of Title, the Company will have to pay SSD US\$25,000 and issue 200,000 common shares of the Company on the two-year anniversary from the Transfer of Title and pay an amount of US\$25,000 and issue an additional 200,000 common shares of the Company on the three-year anniversary from the Transfer of Title.

The Going Public Transaction was completed on June 16, 2021 (see below).

Stock split

On January 5, 2021, the Company implemented a 208,333.33 for 1 forward split (the "Stock Split") of the Company's issued and outstanding common shares. The number of shares and relevant information including but not limited to the share price, number of warrants and options and exercise price per warrant and option presented in these financial statements had been retroactively adjusted accordingly

Going Public Transaction

On June 16, 2021, Lakewood Exploration Inc. ("Lakewood"), a company listed on the Canadian Securities Exchange ("CSE") (CSE: LWD) (OTC: LWDEF), completed the acquisition (the "Acquisition") of all the issued and outstanding common shares of the Company by issuing 8,000,000 common shares of Lakewood to the shareholders of the Company.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS (CONTINUED)

COVID-19

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

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

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and 123456 US Inc. which has a year ended date of September 30.

Subsidiaries

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

Significant management judgment and estimates in applying accounting policies

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that 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, the following:

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

Critical accounting estimates

- **Income taxes and recoverability of potential deferred tax assets**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Critical accounting judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- **Determination of going concern**

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

- **Determination of functional currency**

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", the functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operates. The functional currency of the Company is CAD and the functional currency of the USCo is United States dollar ("USD" or "US\$").

Foreign exchange

- **Translation of foreign transactions and balances into the functional currency**

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Foreign exchange (continued)

- **Translation of the functional currency into the presentation currency**

The results of foreign operations which have a different functional currency of the Company are translated to Canadian dollars at appropriate average rates of exchange during the year and are included in other comprehensive income (loss). The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to warrants on a residual value basis. The Company has no warrants outstanding.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

- **Financial assets**

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. As of September 30, 2020 and September 30, 2019, the Company has no financial assets classified as FVTPL.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of September 30, 2020 and September 30, 2019, the Company has no financial assets classified as FVTOCI.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

- **Financial assets (continued)**

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of September 30, 2020, the Company has classified its deposits as financial assets at amortized cost. As of September 30, 2019, the Company has no financial assets classified as financial assets at amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- **Financial liabilities**

Classification and measurement

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As of September 30, 2020 and September 30, 2019, the Company has classified its accrued liabilities and due to related party as other financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

Derecognition of financial liabilities (continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of loss.

Exploration and evaluation assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are recognized in profit or loss as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development assets within property, plant and equipment.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is recognized in profit or loss.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Decommissioning liability

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognized immediately in profit or loss. For the periods presented, the Company has no decommissioning liabilities.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2019 and were adopted by the Company effective October 1, 2019.

- **IFRS 16 – Leases**

This standard is to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company completed an assessment and concluded that no significant change to its financial statements from adopting this new standard.

- **Significant Accounting Policies**

The following accounting policy is applicable as of October 1, 2019:

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

Lessee

Leases are recognized as a lease liability and a corresponding right-of-use (“ROU”) asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured at the present value of the remaining lease payments, discounted using the Company’s estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

Lease payments are allocated between the lease liability and finance costs. Cash outflows for repayment of the principal portion of the lease liability is classified as cash flows from financing activities. The interest portion of the lease payments is classified as cash flows from operating activities.

The ROU asset is initially measured at an amount equal to the corresponding lease liability and is subsequently depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of loss on a straight-line basis over the lease term.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Adoption of new and amended accounting standards (continued)

- **IFRIC 23 – Uncertainty over Income Tax Treatments**

This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company completed an assessment and concluded that there was no significant change to its financial statements from adopting this new standard.

3. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the year ended September 30, 2020 and the period from the date of incorporation on February 1, 2019 to September 30, 2019, no remuneration was paid to key management personnel.

As at September 30, 2020, the balances due to the Company's directors including a deposit paid pursuant to the GRE Agreement (\$34,744 (US\$26,000)) (Note 1), which were paid subsequent to September 30, 2020. These amounts are unsecured, non-interest bearing and payable on demand.

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

4. SHARE CAPITAL

Authorized share capital

- Unlimited number of common shares without par value.

Issued share capital

At September 30, 2020 and September 30, 2019, the Company had 6,250,000 common shares issued and outstanding.

There were no shares issued during the year ended September 30, 2020.

At the Date of Incorporation, the Company issued 6,250,000 common shares at \$1.00 to the incorporators.

Subsequent to September 30, 2020:

On April 8, 2021, the Company completed a non-brokered private placement of 1,550,000 common shares at a price of \$0.10 for gross proceeds of \$155,000 of which \$125,000 was received during the six months ended March 31, 2021.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

5. FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES

Capital Management

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

The Company anticipates continuing to access equity markets to fund the acquisition and exploration of exploration and evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of deposits, accrued liabilities and due to related party approximate fair value due to the relatively short-term maturity of the instruments.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

As at September 30, 2020 and September 30, 2019, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

It is management's opinion that, except for currency risk, the Company is not exposed to significant interest and credit risks arising from these financial instruments.

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's deposits, accrued liabilities and due to related party are held in CAD and USD; therefore, US accounts are subject to fluctuation against the CAD.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Financial Statements

For the Year Ended September 30, 2020 and for the Period from the Date of Incorporation (February 1, 2019) to September 30, 2019

(Expressed in Canadian Dollars)

5. FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES (CONTINUED)

Risk Disclosures and Fair Values (continued)

The Company had the following balances in foreign currency as at September 30, 2020:

	CA\$	US\$
Deposits	-	26,000
Accrued liabilities	(20,241)	(1,894)
Due to related party	-	(26,000)
	(20,241)	(1,894)
Rate to convert to \$1.00 CAD	1.0000	1.336
Equivalent to CAD	(20,241)	(2,531)

Based on the above net exposures as at September 30, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would increase/decrease comprehensive loss by \$200.

As at September 30, 2019, the Company is not exposed to currency risk as all transactions and balances are denominated in Canadian dollars.

6. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
	\$	\$
Loss for the period	(22,802)	-
Expected income tax (recovery)	(6,000)	-
Permanent differences	-	-
Change in unrecognized deductible temporary differences	6,000	-
Total income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	September 30, 2020	Expiry Range	September 30, 2019	Expiry Range
	\$		\$	
Temporary Differences				
Share issue costs	-		-	
Non-capital losses available for future period	6,000	2026 to 2040	-	

Tax attributes are subject to review and potential adjustment by tax authorities

SCHEDULE B

Unaudited Interim Financial Statements of Silver Hammer for the three and six month periods
ended March 31, 2021

[see attached]



**SILVER HAMMER MINING CORP.
(FORMERLY 1196273 B.C. LTD.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED MARCH 31, 2021

(Expressed in Canadian Dollars)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at Note	March 31, 2021 \$	September 30, 2020 \$
ASSETS			
Current assets			
Cash		124,966	-
Deposits		-	34,744
		124,966	34,744
Exploration and evaluation assets	3	189,780	-
TOTAL ASSETS		314,746	34,744
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		76,790	22,772
Due to related party	3, 4	198,237	34,744
TOTAL LIABILITIES		275,027	57,516
EQUITY (DEFICIENCY)			
Share capital	5	30	30
Share subscription received	5	125,000	-
Deficit		(80,180)	(22,802)
Accumulated other comprehensive loss		(5,131)	-
TOTAL EQUITY (DEFICIENCY)		39,719	(22,772)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		314,746	34,744
Nature of Operations and Going Concern	1		
Subsequent Events	1, 3, 5		

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director

/s/ Jones Lang Director

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note	\$	\$	\$	\$
EXPENSES				
Bank charges	124	-	124	-
Foreign exchange gain	(2,756)	-	(300)	-
Investor relations	36,750	-	36,750	-
Office	38	-	119	-
Professional fees	20,422	-	20,685	-
Loss for the period	54,578	-	57,378	-
Other comprehensive loss				
Foreign currency translation differences for foreign operations	5,131	-	5,131	-
	59,709	-	62,510	-
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)	(0.01)	-	(0.01)	-
Weighted average number of common shares outstanding				
- basic and diluted	6,250,000	6,250,000	6,250,000	6,250,000

See accompanying notes to these unaudited condensed consolidated interim financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

		Share capital				Accumulated other comprehensive loss	Total
	Note	Number of shares	Amount \$	Share subscription received \$	Deficit \$	\$	\$
Balance as at September 30, 2020	1	6,250,000	30	-	(22,802)	-	(22,772)
Share subscription received	5	-	-	125,000	-	-	125,000
Net loss		-	-	-	(57,378)	-	(57,378)
Other comprehensive loss		-	-	-	-	(5,131)	(5,131)
Balance as at March 31, 2021		6,250,000	30	125,000	(80,180)	(5,131)	39,719
Balance as at March 31, 2020 and September 30, 2019		6,250,000	30	-	-	-	30

See accompanying notes to these unaudited condensed consolidated interim financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note	For the six months ended	
		March 31, 2021	March 31, 2020
		\$	\$
Cash flows from			
OPERATING ACTIVITIES			
Net loss for the period		(57,378)	-
Net changes in non-cash working capital items			
Deposits		34,744	-
Accounts payable and accrued liabilities		40,515	-
Due to related party		(17,915)	-
Cash flow used in operating activities		(34)	-
FINANCING ACTIVITIES			
Share subscription received		125,000	-
Cash flow from financing activities		125,000	-
Increase in cash		124,966	-
Cash, beginning of period		-	-
Cash, end of period		124,966	-
Supplemental cash flow information			
Exploration and evaluation assets included in accounts payable and accrued liabilities	3	13,503	-
Exploration and evaluation assets included in due to related party	3, 4	181,408	-

See accompanying notes to these unaudited condensed consolidated interim financial statements.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended March 31, 2021

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 1, 2019 (the “Date of Incorporation”). The Company is currently engaged in exploration of mineral properties and entered into acquisition agreements (see below) to acquire certain mineral interests located in the State of Idaho, United States of America.

On February 4, 2019, 123456 US Inc., a wholly-owned subsidiary of the Company, was incorporated under the laws of the State of Delaware (the “USCo”).

The head office and the registered head office of the Company is located at 910 – 510 Burrard Street Vancouver, BC V6C 3A8. On August 30, 2021 the Board of Directors approved the unaudited condensed consolidated interim financial statements for the six months ended March 31, 2021.

The Company has not commenced commercial operations. Given the nature of the activities, no separate segmented information is reported. The Company’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of March 31, 2021, the Company had not advanced its mineral properties to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. These financial statements do not include any adjustments that might result from this uncertainty.

Stock split

On January 5, 2021, the Company implemented a 208,333.33 for 1 forward split (the “Stock Split”) of the Company’s issued and outstanding common shares. The number of shares and relevant information including but not limited to the share price, number of warrants and options and exercise price per warrant and option presented in these financial statements had been retroactively adjusted accordingly

Going Public Transaction

On June 16, 2021, Lakewood Exploration Inc. (“Lakewood”), a company listed on the Canadian Securities Exchange (“CSE”) (CSE: LWD) (OTC: LWDEF), completed the acquisition (the “Acquisition”) of all the issued and outstanding common shares of the Company by issuing 8,000,000 common shares of Lakewood to the shareholders of the Company.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended March 31, 2021

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

COVID-19

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

Basis of preparation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2020. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements.

New accounting standards

There were no new or amended IFRS pronouncements effective October 1, 2020 that impacted these condensed consolidated interim financial statements.

There were no significant changes in accounting policies applied by the Company in these condensed consolidated interim financial statements compared to those used in the most recent annual consolidated financial statements of September 30, 2020,

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	\$
As at September 30, 2020	-
Options payments (US\$140,000)	181,408
Consulting fees	13,503
Effect of movements in exchange rates	(5,131)
As at March 31, 2021	189,780

Acquisition Agreement with Gold Rush Expeditions, Inc.

On August 21, 2020, the Company through USCo entered into a purchase contract with Gold Rush Expeditions, Inc. ("GRE") (the "GRE Agreement") to acquire 100% interest of the Silver Strand and Burnt Mineral Claims (the "GRE Claims") with a purchase price of US\$130,000. The Company is required to pay US\$26,000¹ (paid – \$34,744) on or before August 28, 2020 (the "Date of Deposit") and the remaining balance of US\$104,000¹ will be due within 120 days of the Date of Deposit (paid – \$133,645).

Asset Purchase Agreement with Silver Strand Development LLC.

On January 21, 2021 (the "SSD Effective Date"), the Company through USCo entered into an asset purchase agreement with Silver Strand Development LLC. ("SSD") (the "SSD Agreement") to acquire a 100% interest in certain mineral claims (the "SSD Claims") located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US\$10,000¹ to SSD for the transfer of the title to USCo of the SSD Claims (the "Transfer of Title") (paid – \$13,019);
- Pay US\$25,000 to SSD within 5 business days of the completion of a transaction that will result in the Company's securities being listed on a stock exchange in Canada or are exchanged for securities of an entity listed on a stock exchange in Canada (the "PubCo Share"), including but not limited to an initial public offering of the securities of the Purchaser or a reverse takeover (the "Going Public Transaction") (paid subsequent to March 31, 2021);
- Issue 200,000 PubCo Shares to SSD at the date of the completion of the Going Public Transaction;
- Pay US\$25,000 to SSD on the anniversary following the completion of the Going Public Transaction; and
- Issue 200,000 PubCo Shares to SSD on the anniversary following the completion of the Going Public Transaction.

In addition, from the SSD Effective Date, the Company is required to pay the claim fees to the United States Bureau of Land Management, pay the fees, and file the notices to Kootenai County, Idaho, no later than August 15th of each year (The Company paid the claim fees for Year 2021 subsequent to March 31, 2021).

Notwithstanding the foregoing, in the event the Going Public Transaction does not complete within two years of the Transfer of Title, the Company will have to pay SSD US\$25,000 and issue 200,000 common shares of the Company on the two-year anniversary from the Transfer of Title and pay an amount of US\$25,000 and issue an additional 200,000 common shares of the Company on the three-year anniversary from the Transfer of Title.

The Going Public Transaction was completed on June 16, 2021 (Note 1).

¹ The total option payments of \$181,408 (US\$140,000) (the "Option Payments") were paid by the Company's officers, and these amounts were included in due to related party as of March 31, 2021.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended March 31, 2021

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the six months ended March 31, 2021 and 2020, no remuneration was paid to key management personnel.

As discussed in Note 3, the Option Payments remains unpaid and included in the due to related party as of March 31, 2021 (September 30, 2020 – \$34,744 (US\$26,000)).

As at March 31, 2021, the balances due to the Company's directors and officer including the Option Payments were \$198,237 (September 30, 2020 – \$34,744), which were paid subsequent to March 31, 2021. These amounts are unsecured, non-interest bearing and payable on demand.

5. SHARE CAPITAL

Authorized share capital

- Unlimited number of common shares without par value.

Issued share capital

At March 31, 2021 and September 30, 2020, the Company had 6,250,000 common shares issued and outstanding.

There were no shares issued during the six months ended March 31, 2021 and 2020.

Subsequent to March 31, 2021:

On April 8, 2021, the Company completed a non-brokered private placement of 1,550,000 common shares at a price of \$0.10 for gross proceeds of \$155,000 of which \$125,000 was received during the six months ended March 31, 2021.

6. FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES

Capital Management

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

The Company anticipates continuing to access equity markets to fund the acquisition and exploration of exploration and evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions.

Silver Hammer Mining Corp. (formerly 1196273 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended March 31, 2021

(Expressed in Canadian Dollars)

6. FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES (CONTINUED)

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of deposits, accrued liabilities and due to related party approximate fair value due to the relatively short-term maturity of the instruments.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

As at March 31, 2021 and September 30, 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

It is management's opinion that, except for currency risk, the Company is not exposed to significant interest and credit risks arising from these financial instruments.

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's deposits, accounts payable and accrued liabilities and due to related party are held in CAD and USD; therefore, US accounts are subject to fluctuation against the CAD.

The Company had the following balances in foreign currency as at March 31, 2021:

	CA\$	US\$
Cash	124,966	-
Accounts payable and accrued liabilities	(63,287)	(10,727)
Due to related party	(198,237)	-
	(136,558)	(10,727)
Rate to convert to \$1.00 CAD	1.0000	1.2588
Equivalent to CAD	(136,558)	(13,503)

Based on the above net exposures as at March 31, 2021, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would increase/decrease comprehensive loss by \$1,300.