

**BLACKROCK SILVER CORP.**  
**(Formerly Blackrock Gold Corp.)**

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	July 31, 2021 (unaudited)	October 31, 2020 (audited)
<b>Assets</b>		(Note 4)
<b>Current assets</b>		
Cash	\$ 9,520,999	\$ 6,589,531
Amounts receivable	62,574	53,502
Prepaid expenses and deposits (Note 5)	500,416	113,180
	<b>10,083,989</b>	6,756,213
<b>Non-current assets</b>		
Guaranteed investment certificate (Note 12)	34,950	33,000
Fixed assets	99,256	-
Exploration and evaluation assets (Note 6)	2,149,846	1,678,438
	<b>\$ 12,368,041</b>	<b>\$ 8,467,651</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 659,419	\$ 1,238,190
Due to related parties (Note 9)	113,219	235,224
Share compensation liability (Note 8)	219,596	21,408
	<b>992,234</b>	1,494,822
<b>Long-term liabilities</b>		
Share compensation liability (Note 8)	121,586	17,841
	<b>1,113,820</b>	1,512,663
<b>Shareholders' Equity</b>		
Share capital (Note 8)	41,254,175	19,704,677
Reserves (Note 8)	8,148,561	5,345,673
Accumulated other comprehensive income	53,081	28,289
Deficit	(38,201,596)	(18,123,651)
	<b>11,254,221</b>	6,954,988
	<b>\$ 12,368,041</b>	<b>\$ 8,467,651</b>

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Notes 6, 12)

Subsequent Events (Note 13)

Approved by the Directors:

"David Laing"

David Laing, Director

"Tony Wood"

Tony Wood, Director

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

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2021	2020	2021	2020
		(Note 4)		(Note 4)
<b>Exploration expenditures (Note 6)</b>				
Drilling	\$ 5,270,019	\$ 929,353	\$ 14,381,904	\$ 1,596,197
Geology and consulting	305,898	72,956	869,507	189,086
Geophysics	26,701	2,733	59,599	77,038
Legal fees	2,273	-	18,760	-
Property investigation costs	-	-	46,042	-
	<b>(5,604,891)</b>	<b>(1,005,042)</b>	<b>(15,375,812)</b>	<b>(1,862,321)</b>
<b>Operating expenses</b>				
Accounting and audit	1,905	1,350	42,949	20,767
Bank charges	3,425	2,712	9,569	4,952
Consulting fees (recovery) (Note 9)	(3,715)	72,493	53,862	145,700
Depreciation	-	630	-	4,302
Insurance	17,944	15,965	44,650	37,263
Legal fees	26,547	82,705	105,784	146,333
Management fees (Note 9)	333,922	257,745	628,426	452,649
Marketing and communications	293,116	91,815	1,061,661	282,296
Office	28,098	13,251	74,044	45,260
Regulatory and filing fees	26,225	34,211	69,729	56,684
Rent	8,569	3,997	19,059	21,292
Share-based compensation	206,254	-	2,572,717	200,615
Travel	22,689	6,602	38,791	73,581
Wages	44,225	47,253	113,018	100,128
	<b>(1,009,204)</b>	<b>(630,729)</b>	<b>(4,834,259)</b>	<b>(1,591,822)</b>
<b>Other income (expense)</b>				
Foreign exchange gain (loss)	244,917	(52,876)	77,902	(56,623)
Interest expense (Note 7)	-	(2,448)	-	(8,511)
Change in fair value of share compensation liability (Note 8)	(15,810)	-	54,224	-
	<b>229,107</b>	<b>(55,324)</b>	<b>132,126</b>	<b>(65,134)</b>
<b>Net Loss for the Period</b>	<b>(6,384,988)</b>	<b>(1,691,095)</b>	<b>(20,077,945)</b>	<b>(3,519,277)</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation adjustment	44,222	(91,002)	24,792	7,441
<b>Total Comprehensive Loss for the Period</b>	<b>\$ (6,340,766)</b>	<b>\$ (1,782,097)</b>	<b>\$ (20,053,153)</b>	<b>\$ (3,511,836)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.17)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of shares outstanding, basic and diluted</b>	<b>114,289,614</b>	<b>69,963,567</b>	<b>120,656,105</b>	<b>67,177,712</b>

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

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited – Expressed in Canadian dollars)

	Nine Months Ended July 31,	
	2021	2020
		(Note 4)
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (20,077,945)	\$ (3,519,277)
Adjustment for items not involving cash:		
Depreciation included in exploration expenditures	4,421	-
Depreciation	-	4,302
Foreign exchange	87,753	46,604
Interest accrued on loans payable	-	7,336
Share-based payments	2,572,717	200,615
Change in fair value of share compensation liability	(54,224)	-
	(17,467,278)	(3,260,420)
Changes in non-cash operating capital:		
Amounts receivable	(9,072)	(13,917)
Prepaid expenses and deposits	(389,186)	81,092
Accounts payable and accrued liabilities	(686,221)	549,604
Due to related parties	(120,147)	65,625
	(18,671,904)	(2,578,016)
<b>Investing activities</b>		
Exploration and evaluation additions	(531,922)	(633,978)
Fixed asset purchase	(103,677)	-
	(635,599)	(633,978)
<b>Financing activities</b>		
Issuance of common shares, net of share issue costs	22,135,826	13,025,545
Repayment of loans	-	(49,245)
Deposits for share issuance	-	97,600
	22,135,826	13,073,900
Increase in cash	2,828,323	9,861,906
Effect of exchange rate changes on cash	103,145	-
Cash, beginning of the period	6,589,531	878,066
Cash, end of the period	\$ 9,520,999	\$ 10,739,972

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

## BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Deposit for share issuance	Subscriptions Receivable	Reserves	Accumulated other comprehensive income	Deficit (Note 4)	Total equity
<b>Balance, October 31, 2019</b>	60,700,143	\$ 6,757,887	\$ 50,000	\$ -	\$ 1,085,554	\$ -	\$ (5,719,127)	\$ 2,174,314
Impact of change in accounting policy	-	-	-	-	-	-	(702,944)	(702,944)
<b>Restated Balance, October 31, 2019</b>	60,700,143	6,757,887	50,000	-	1,085,554	-	(6,422,071)	1,471,370
Private placement	39,284,469	13,273,561	-	(85,296)	-	-	-	13,188,265
Share issue costs	-	(1,547,722)	-	-	940,652	-	-	(607,070)
Shares issued as compensation	200,000	14,000	-	-	-	-	-	14,000
Warrants exercised	1,656,250	322,350	-	-	-	-	-	322,350
Share options exercised	2,280,000	331,954	(50,000)	-	(159,954)	-	-	122,000
Share-based payments	-	-	-	-	186,615	-	-	186,615
Deposit for share issuance	-	-	97,600	-	-	-	-	97,600
Net loss for the period (Note 4)	-	-	-	-	-	-	(3,519,277)	(3,519,277)
Foreign currency translation adjustment	-	-	-	-	-	20,730	-	20,730
<b>Balance, July 31, 2020</b>	104,120,862	19,152,030	97,600	(85,296)	2,052,867	20,730	(9,941,348)	11,296,583
Private placements	-	-	-	85,296	-	-	-	85,296
Share issue costs	-	(119,292)	-	-	-	-	-	(119,292)
Warrants exercised	2,273,687	577,329	(97,600)	-	(13,585)	-	-	466,144
Share options exercised	325,000	94,610	-	-	(45,860)	-	-	48,750
Share-based payments	-	-	-	-	3,352,251	-	-	3,352,251
Net loss for the period	-	-	-	-	-	-	(8,182,303)	(8,182,303)
Foreign currency translation adjustment	-	-	-	-	-	7,559	-	7,559
<b>Balance, October 31, 2020</b>	106,719,549	19,704,677	-	-	5,345,673	28,289	(18,123,651)	6,954,988
Private placement	30,375,001	22,350,001	-	-	-	-	-	22,350,001
Share issuance costs	-	(2,331,253)	-	-	629,790	-	-	(1,701,463)
Warrants exercised	4,928,615	1,472,260	-	-	(19,972)	-	-	1,452,288
Share options exercised	300,000	58,490	-	-	(23,490)	-	-	35,000
Share-based payments	-	-	-	-	2,216,560	-	-	2,216,560
Net loss for the period	-	-	-	-	-	-	(20,077,945)	(20,077,945)
Foreign currency translation adjustment	-	-	-	-	-	24,792	-	(24,792)
<b>Balance, July 31, 2021</b>	142,323,165	\$ 41,254,175	\$ -	\$ -	\$ 8,148,561	\$ 53,081	\$ (38,201,596)	\$ 11,254,221

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

# **BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## **1) NATURE OF OPERATIONS AND GOING CONCERN**

Blackrock Silver Corp. (formerly Blackrock Gold Corp.) (“Blackrock” or the “Company”) was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada. Its principal activity is the acquisition, exploration and development of mineral properties located in Canada and the United States. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company’s shares began trading on the TSX Venture Exchange (“TSX-V”) under the symbol “BRC.V” on July 27, 2016, and also trade on the OTCQB under the symbol “BKRRF”. On March 17, 2021, the Company changed its name from Blackrock Gold Corp. to Blackrock Silver Corp., to better reflect the portfolio of exploration and evaluation assets it holds.

The head office, registered address, principal address and records office of the Company are located at 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3.

These condensed consolidated interim financial statements (the “financial statements”) have been prepared assuming the Company will continue on a going concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of \$38,201,596 at July 31, 2021 (October 31, 2020 - \$18,123,651). For the nine months ended July 31, 2021, the Company had a net loss of \$20,077,945 (2020 - \$3,519,277) and working capital of \$9,091,755 (October 31, 2020 - \$5,261,391). The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses. To date, the Company has not earned operating revenue.

The Company is uncertain that it can raise capital to meet its obligations, fund operations or advance its mineral projects, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the condensed consolidated interim statements of financial position. Failure to maintain the support of creditors and raise capital will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments that would likely become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. These plans may be adversely impacted by factors including uncertain market conditions and commodity prices. There can be no assurance that management’s plan will be successful.

The recovery of the amounts comprising exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those reserves and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis.

### COVID-19

In response to the global outbreak of COVID-19, on March 17, 2020, the governor of Nevada ordered the closure of all non-essential businesses in the state of Nevada to help prevent the spread of the virus. On April 1, 2020, the governor of Nevada issued a “stay at home” order, which was updated on April 8, 2020. The order restricted non-essential activities, travel and business operations, subject to certain exceptions for necessary activities through April 30, 2020, which was subsequently extended to May 15, 2020. On April 30, 2020, the governor of Nevada announced Nevada’s “Roadmap to Recovery Plan”, which outlined certain criteria and milestones that had to be met in order to safely restart Nevada’s economy. Phase 1 and Phase 2 of the Nevada reopening plan commenced on May 9, 2020 and May 29, 2020, respectively, allowing certain non-essential businesses to voluntarily reopen under strict restrictions.

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 1) NATURE OF OPERATIONS AND GOING CONCERN – Continued

### COVID-19 – Continued

The Company's development activities, including exploration drilling, are considered an "essential business" in Nevada and are permitted to continue, so long as these activities are conducted in a safe manner, in groups of ten or less, and social distancing measures are maintained.

## 2) BASIS OF PRESENTATION

These financial statements were authorized for issue on September 29, 2021 by the directors of the Company.

### a) Statement of compliance to International Financial Reporting Standards

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

### b) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on October 31, 2021, the Company's annual reporting date.

Certain amounts in the prior period have been reclassified to conform to the current period presentation (Note 4).

### c) Basis of consolidation

The financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
Blackrock Gold Corp.	USA	100%

Blackrock Gold Corp. ("Blackrock US") was incorporated on May 9, 2018. The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 2) BASIS OF PRESENTATION – Continued

### d) Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Other accounting estimates and judgments include functional currency determination, recoverability of exploration and evaluation costs, impairment of exploration and evaluation assets, valuation of share-based payments and income tax assets.

### e) Foreign currencies

The Company assesses functional currency on an entity-by-entity basis based on the related fact pattern; however, the presentation currency used in these financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these financial statements, is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is the United States ("US") dollar for the period ended July 31, 2021, a change from the year ended October 31, 2020 in which the functional currency was considered the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each condensed consolidated interim statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized as a foreign currency translation adjustment in other comprehensive income (loss) and accumulated in equity.

### f) Future accounting standards and interpretations

New IFRS pronouncement that has been issued but is not yet effective at the date of these financial statements is listed below. The Company plans to apply new standards or interpretations in the annual period for which they are first required.

#### (i) Presentation of financial statements

An amendment to IAS 1 *Presentation of Financial Statements* was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least twelve months after the reporting period.



# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 3) SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by the IASB, on a basis consistent with those followed in the Company's most recent annual consolidated financial statements for the year ended October 31, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual consolidated financial statements, and therefore should be read in conjunction with the annual consolidated financial statements for the year ended October 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine months ended July 31, 2021 are not necessarily indicative of the results that may be expected for the year to end October 31, 2021.

## 4) CHANGE IN ACCOUNTING POLICIES

### Explorations and evaluation assets

The Company is applying a change to its accounting policy relating to the treatment of exploration costs on its exploration and evaluation assets under IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The Company has adopted the policy to expense exploration costs as incurred. The Company had previously capitalized all acquisition and exploration costs related to its exploration and evaluation assets. The Company will continue to capitalize all costs related to the acquisition of and holding costs associated with its exploration and evaluation assets.

With the change, the Company aims to improve its financial communication by providing more understandable, comprehensible and comparable financial information regarding the Company's operations to its peers in the industry.

The following outlines the impact of the change in accounting policy on the financial statement line items impacted in these financial statements.

Consolidated Statement of Financial Position as at October 31, 2019:

	As Reported	Adjustment	Restated Balance
Exploration and evaluation assets	\$ 1,623,665	\$ (702,944)	\$ 920,721
Total assets	\$ 2,750,054	\$ (702,944)	\$ 2,047,110
Deficit	\$ (5,719,127)	\$ (702,944)	\$ (6,422,071)
Shareholders' equity	\$ 2,174,314	\$ (702,944)	\$ 1,471,370
Total liabilities and shareholders' equity	\$ 2,750,054	\$ (702,944)	\$ 2,047,110

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the three months ended July 31, 2020:

	As Reported	Adjustment	Restated Balance
Exploration expenditures:			
Drilling	\$ -	\$ (929,353)	\$ (929,353)
Geology and consulting	\$ -	\$ (72,956)	\$ (72,956)
Geophysics	\$ -	\$ (2,733)	\$ (2,733)
Total exploration expenditures	\$ -	\$ (1,005,042)	\$ (1,005,042)
Net loss for the period	\$ (686,053)	\$ (1,005,042)	\$ (1,691,095)
Total comprehensive loss for the period	\$ (777,055)	\$ (1,005,042)	\$ (1,782,097)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 4) CHANGE IN ACCOUNTING POLICIES – Continued

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the nine months ended July 31, 2020:

	As Reported	Adjustment	Restated Balance
Exploration expenditures:			
Drilling	\$ -	\$ (1,596,197)	\$ (1,596,197)
Geology and consulting	\$ -	\$ (189,086)	\$ (189,086)
Geophysics	\$ -	\$ (77,038)	\$ (77,038)
Total exploration expenditures	\$ -	\$ (1,862,321)	\$ (1,862,321)
Net loss for the period	\$ (1,656,956)	\$ (1,862,321)	\$ (3,519,277)
Total comprehensive loss for the period	\$ (1,649,515)	\$ (1,862,321)	\$ (3,511,836)
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)	\$ (0.05)

Condensed Consolidated Interim Statement of Changes in Equity for the nine months ended July 31, 2020:

	As Reported	Adjustment	Restated Balance
Deficit, as at October 31, 2019	\$ (5,719,127)	\$ (702,944)	\$ (6,422,071)
Total shareholders' equity, as at October 31, 2019	\$ 2,174,314	\$ (702,944)	\$ 1,471,370
Net loss for the nine months ended July 31, 2020	\$ (1,656,956)	\$ (1,862,321)	\$ (3,519,277)
Deficit, as at July 31, 2020	\$ (7,376,083)	\$ (1,862,321)	\$ (9,238,404)
Foreign currency translation adjustment	\$ 98,443	\$ (77,713)	\$ 20,730
Total shareholders' equity, as at July 31, 2020	\$ 13,845,559	\$ (2,548,976)	\$ 11,296,583

Condensed Consolidated Interim Statement of Cash Flows for the nine months ended July 31, 2020:

	As Reported	Adjustment	Restated Balance
Net loss for the period	\$ (1,656,956)	\$ (1,862,321)	\$ (3,519,277)
Changes in non-cash operating capital:			
Accounts payable and accrued liabilities	\$ 308,120	\$ 241,484	\$ 549,604
Cash used in operating activities	\$ (957,179)	\$ (1,620,837)	\$ (2,578,016)
Investing activities:			
Exploration and evaluation assets	\$ (2,254,815)	\$ 1,620,837	\$ (633,978)

### Functional currency of subsidiary

The Company is applying a change to its accounting policy relating to the functional currency applicable to its wholly owned subsidiary. The Company has adopted the policy, as outlined in Note 2 – Basis of Presentation above, to consider the functional currency to be the US dollar. The Company had previously considered the Canadian dollar to be the functional currency.

During the year ended October 31, 2020, the Company's subsidiary became much more active and all decisions related to exploration activities and day-to-day operations are being made in the United States, and all expenses are being incurred in the United States and paid by the subsidiary. In addition, all of the day-to-day bookkeeping and recordkeeping is being performed in the United States. Under IFRS 21 *The Effects of Changes in Foreign Exchange Rates*, the effect of a change in the functional currency is accounted for prospectively using the exchange rate at the date of the change.

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 5) PREPAID EXPENSES AND DEPOSITS

Prepaid expenses at July 31, 2021 and October 31, 2020 is comprised of the following:

	July 31, 2021	October 31, 2020
Consulting	\$ -	\$ 47,709
Insurance	45,248	16,749
Marketing and lead generation	-	6,250
Marketing	430,034	26,147
Other	25,134	16,325
	<b>\$ 500,416</b>	<b>\$ 113,180</b>

## 6) EXPLORATION AND EVALUATION ASSETS

### Title disclaimer

As at July 31, 2021, all of the Company's exploration and evaluation assets are located in British Columbia, Canada, and Nevada, United States. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its mineral properties, and, to the best of its knowledge, its properties are in good standing.

### United States

Acquisition and Holding Costs	Silver Cloud	Tonopah West	Total
Balance, October 31, 2019	\$ 920,721	\$ -	\$ 920,721
Additions	275,667	513,274	788,941
Foreign currency translation	(254)	(30,970)	(31,224)
Balance, October 31, 2020	1,196,134	482,304	1,678,438
Additions	115,993	415,929	531,922
Foreign currency translation	(25,065)	(35,449)	(60,514)
Balance, July 31, 2021	\$ 1,287,062	\$ 862,784	\$ 2,149,846

The acquisition cost and exploration and evaluation expenditures relating to the West Silver Cloud property have been included with those of Silver Cloud.

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 6) EXPLORATION AND EVALUATION ASSETS – Continued

The exploration expenditures for the period ended July 31, 2021 were as follows:

Exploration Expenditures	Silver Cloud	Tonopah West	General	Total
Drilling	\$ 530,802	\$ 13,851,102	\$ -	\$ 14,381,904
Geology and consulting	58,779	810,728	-	869,507
Geophysics	3,687	55,912	-	59,599
Legal	-	18,760	-	18,760
Property investigation	-	-	46,042	46,042
<b>Total</b>	<b>\$ 593,268</b>	<b>\$ 14,736,502</b>	<b>\$ 46,042</b>	<b>\$ 15,375,812</b>

The exploration expenditures for the period ended July 31, 2020 were as follows:

Exploration Expenditures	Silver Cloud	Tonopah West	Total
Drilling	\$ 672,592	\$ 923,605	\$ 1,596,197
Geology and consulting	154,051	35,035	189,086
Geophysics	77,038	-	77,038
<b>Total</b>	<b>\$ 903,681</b>	<b>\$ 958,640</b>	<b>\$ 1,862,321</b>

### Silver Cloud Project

On October 27, 2017, the Company entered into a Lease Agreement (the “Lease”) with Pescio Exploration, LLC (“Pescio” or the “Lessor”) with respect to 552 unpatented lode mining claims situated in Elko County, Nevada, and known as the Silver Cloud Project (the “Property”). The Lease affords Blackrock all rights and privileges incidental to ownership, including rights to explore, develop and mine the Property. The term of the Lease is 10 years from October 27, 2017 (the “Effective Date”), and so long thereafter as: a) exploration and/or development is taking place on the Property, and/or b) the Property is held by Blackrock or its successors and assigns, unless earlier terminated in accordance with the terms of the Lease.

In June 2019, the Company completed negotiations to amend the Lease terms and conditions with the underlying owner. The amended Lease provides for lower up-front payments, a reduction of the net smelter return royalty through a buy-out and a purchase option for the Property.

Pursuant to the original Lease, to acquire and maintain the Lease in good standing, Blackrock:

- reimbursed the Lessor US\$92,308 (\$120,296) for the 2017 Bureau of Land Management (“BLM”) fees;
- paid US\$100,000 (\$130,320) and issued 1,000,000 common shares of the Company to the Lessor at a price of \$0.13 per share;
- paid US\$100,000 (\$131,810) in lease payments to the Lessor for year 1;
- must perform a minimum total of 15,000 feet of drilling on the Property during the first 3 years of the term of the Lease;
- must drill an additional 90,000 feet from years 4 to 9 and 20,000 feet each subsequent year;
- must pay all BLM permit costs. The Company paid BLM fees of US\$91,080 (\$123,459) in 2020 and US\$91,080 (\$119,415) in 2019; and
- must make additional payments to the Lessor of US\$100,000 in year 2, US\$150,000 in year 3, US\$200,000 in year 4, US\$250,000 in year 5, US\$500,000 in year 6, US\$750,000 in year 7 and US\$1,500,000 per year starting in year 8.

## **BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)**

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### **6) EXPLORATION AND EVALUATION ASSETS – Continued**

Pursuant to the amending agreement:

- (i) The Company must make the following cash payments:
  - i. 2nd anniversary of the Effective Date, October 27, 2019, US\$75,000 (\$98,731) (paid);
  - ii. 3rd anniversary of the Effective Date, October 27, 2020, US\$100,000 (\$131,640) (paid);
  - iii. 4th anniversary of the Effective Date, October 27, 2021, US\$150,000;
  - iv. 5th anniversary of the Effective Date, October 27, 2022, US\$200,000;
  - v. 6th anniversary of the Effective Date, October 27, 2023, US\$500,000;
  - vi. 7th anniversary of the Effective Date, October 27, 2024, US\$750,000; and
  - vii. 8th anniversary of the Effective Date and all subsequent anniversaries the Lease is in effect, US\$1,500,000.

The Company is committed to and must pay all minimum payments up to and including the October 27, 2022 payment. The cash minimum payments will not be credited cumulatively against the Company's royalty payment obligations.

- (ii) The Company must complete the following minimum drilling requirements:
  - i. 1st to 5th years of the Lease, 25,000 feet;
  - ii. 6th year of the Lease, 10,000 feet;
  - iii. 7th year of the Lease, 20,000 feet;
  - iv. 8th year of the Lease, 20,000 feet; and
  - v. 9th year of the Lease and each subsequent Lease year, 20,000 feet.

If the minimum drilling threshold is not achieved, the Company is subject to a penalty of US\$50 per foot of undrilled footage.

- (iii) The Company was granted the sole and exclusive option to purchase and own 100% of the Property for a total purchase price of US\$3,500,000 on or before October 27, 2023. Exercising the purchase option will terminate the Company's obligation with respect to making any further cash payments and the only further payment obligation is the royalty. If the option to purchase is exercised, the exploration drilling commitment or drilling escape payment obligations remain in effect. If the Company elects to exercise the purchase option after October 27, 2023, it will have to pay a total purchase price of US\$5,000,000 and will be obligated to pay all minimum payments and any and all related financial obligations.
- (iv) The Company will pay Pescio a non-participating royalty of 3.5% based on the gross value from the production or sale of minerals from the Property and any area of interest acquired interests. The royalty percentage, as a whole, is made subject to a buy-down option of 3.5% representing 1% of the gross value for a total of US\$3,000,000 at any time within the first five years.

On July 11, 2019, the Company, through its subsidiary, Blackrock US, entered into a purchase agreement for 20 unpatented mining claims located immediately adjacent to the western boundary of the Property. These unpatented lode mining claims, collectively known as the West Silver Cloud property, extend the Property westward from the Northwest Canyon target. The Company:

- (i) paid US\$5,000 upon closing of the transaction;
- (ii) issued 150,000 common shares of the Company; and
- (iii) issued 50,000 common share purchase warrants exercisable for a period of 3 years with an exercise price of \$0.20 per common share.

The Property is subject to a production royalty equal to one-half of 1% (0.5%) of the net smelter returns. The Company has the right to purchase the royalty at any time for US\$500,000.

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## **6) EXPLORATION AND EVALUATION ASSETS – Continued**

### Tonopah West Project

On February 24, 2020, the Company, through its subsidiary, Blackrock US, entered into the Blackrock Gold Corp. Option Agreement (the “OA”) with Nevada Select Royalty, Inc. (“Nevada Select”), a wholly owned subsidiary of Ely Gold Royalties Inc., with respect to 17 unpatented mining claims and 23 patented mining claims (the Tonopah Claims) and 75 patented mining claims (the Cliff ZZ Claims), collectively known as the Nevada Select Claims, situated in Esmeralda and Nye counties, Nevada, and known as the Tonopah West Project (the “Project”). The OA gives and grants Blackrock US the sole and exclusive right and option to purchase 100% of Nevada Select’s right, title and interest in and to the Project, including the existing data (as defined) possessed by Nevada Select and any additional data, information and records regarding the Project acquired by Nevada Select during the option period. The term of the OA is until the first to occur of (i) the option closing; (ii) the termination of the OA; or (iii) four years from the Initial Closing Date, being April 1, 2020. Until all option payments have been made and the option is exercised and closed, Blackrock US must pay all claim maintenance and rental fees for the Nevada Select Claims.

Pursuant to the OA, the total purchase price of US\$3,000,000 will be paid by the following option payments:

- (i) on the Initial Closing Date, US\$325,000 (\$464,815) (paid);
- (ii) 1st anniversary of the Initial Closing Date, US\$325,000 (paid);
- (iii) 2nd anniversary of the Initial Closing Date, US\$650,000;
- (iv) 3rd anniversary of the Initial Closing Date, US\$700,000; and
- (v) 4th anniversary of the Initial Closing Date, US\$1,000,000.

Upon the option exercise, Blackrock US will grant Nevada Select a 3% net smelter returns mineral production royalty in respect of all products (as defined) produced from the Nevada Select Claims.

During the option period and following the option exercise, if the option closing occurs and unless otherwise agreed by the parties, if either party or its affiliate acquires, directly or indirectly, any additional mining claims, located wholly or partly within the area of interest (as defined), the after-acquired interest will be included in and form part of the Nevada Select Claims and will be subject to the OA. If any unpatented or patented claims or other property are or become subject to any third-party royalty obligations that existed prior to initial closing, the royalty will be reduced so that the total royalty percentage on each of the mining claims or real property interests comprising the Project does not exceed 3%.

Blackrock US can terminate the OA without further liability at any time by giving written notice of termination to Nevada Select, and Nevada Select will retain all payments made prior to termination.

### CANADA – Moore Property

During the year ended October 31, 2017, the Company wrote-off all costs related to this project, as management has no plans to complete any additional work on the property. The 14 remaining claims will be allowed to lapse as they come due in 2021.

# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

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## 7) LOANS PAYABLE

Loans payable at July 1, 2021 and October 31, 2020 is comprised of the following:

	July 31, 2021	October 31, 2020
Related parties:		
Principal (i, iv, v)	\$ -	\$ 81,364
Principal (iii, iv)	-	32,860
Interest	-	24,780
Foreign exchange	-	(51)
Repayment	-	(138,953)
	-	-
Arm's length:		
Principal (ii, iv, v)	-	-
Interest	-	-
Repayment (ii)	-	-
	-	-
Total	\$ -	\$ -

- (i) On November 10, and 14, 2017, the Company entered into loan agreements with two directors of the Company to borrow a total of \$81,364 for a period of one year. Of this amount, \$40,308 was a non-interest-bearing advance at October 31, 2017 that was converted into a loan. As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of \$0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. These loans were extended for an additional six-month term expiring on May 10, and 14, 2019 and have not been further extended. The principal balance of \$81,364 and accrued interest totaling \$20,343 were repaid during 2020.
- (ii) On November 27, 2017, the Company entered into a loan agreement with an arm's length party to borrow \$19,983. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of \$0.07 per share for a period of 12 months. The warrants subsequently expired unexercised. The principal balance of \$19,983 and interest of \$2,689 were repaid during 2019.
- (iii) On January 14, 2019, the Company entered into a loan agreement with a director of the Company to borrow a total of \$32,860 (US\$25,000) for a period of one year. The principal balance of \$32,860 and accrued interest totaling \$4,437 were repaid during 2020.
- (iv) These loans were unsecured and bore interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest were payable in full on maturity or upon demand after six months. Overdue principal and accrued interest bore interest at 8% per annum.
- (v) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount was allocated to the equity component.

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Notes to the Condensed Consolidated Interim Financial Statements

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## 8) SHARE CAPITAL

### a) Authorized

The authorized share capital of the Company consists of unlimited common shares without par value.

### b) Issued

During the period ended July 31, 2021, the Company issued the following common shares:

- (i) On June 8, 2021, the Company closed a non-brokered private placement. The Company issued a total of 2,666,667 units of the Company at a price of \$0.75 per unit for gross proceeds of \$2,000,000. Each unit consisted of one common share of the Company (each a “Common Share”) and one-half of one Common Share purchase warrant (each a “Warrant”). Each warrant entitles the holder to acquire one common share at an exercise price of \$1.15 until June 8, 2023.

In connection with the offering, the Company paid total cash commission of \$120,000 and 80,000 non-transferable finders’ warrants, each entitling the holder to purchase one Common Share of the Company at a price of \$0.75 per Common Share until June 8, 2023.

- (ii) On June 8, 2021, the Company completed a bought-deal financing for a total of 13,333,334 units at a price of \$0.75 per unit for gross proceeds of \$10,000,001. Each unit is comprised of one common share in the capital of the Company (each a “Common Share”) and one-half of one Common Share purchase warrant (each a “Warrant”). Each whole Warrant is exercisable into one Common Share at a price of \$1.15 at any time on or before the date that is 24 months after the closing date of the offering.

In connection with the offering, the underwriters received a total cash commission of \$560,000 and 386,666 non-transferable broker warrants, each entitling the underwriters to purchase one Common Share of the Company at a price of \$0.75 per Common Share until June 8, 2023.

- (iii) On February 19, 2021, the Company completed a bought-deal financing for a total of 14,375,000 units at a price of \$0.72 per unit for gross proceeds of \$10,350,000. Each unit is comprised of one common share in the capital of the Company (each a “Common Share”) and one-half of one Common Share purchase warrant (each a “Warrant”). Each whole Warrant is exercisable into one Common Share at a price of \$1.10 at any time on or before the date that is 36 months after the closing date of the offering.

In connection with the offering, the underwriters received a total cash commission of \$586,878 and 419,402 non-transferable broker warrants, each entitling the underwriters to purchase one Common Share of the Company at a price of \$0.72 per Common Share until February 19, 2024.

- (iv) On January 18, 2021, the Company granted an aggregate 466,800 restricted share units (“RSUs”) under its RSU plan to its directors, officers and employees. The RSUs awarded will vest as to one-third on each of the first, second and third anniversaries of the date of grant. The RSUs awarded are subject to any necessary regulatory approvals, which, at the date of filing, had not been received. See Note 8(e).

- (v) The following convertible securities have been exercised during the period:

- 300,000 share options have been exercised for total proceeds of \$35,000;
- 4,855,937 warrants have been exercised for total proceeds of \$1,430,484; and
- 72,678 finders’ warrants have been exercised for total proceeds of \$21,803.

During the year ended October 31, 2020, the Company issued the following common shares:

- (i) On November 1, 2019, the Company issued 200,000 common shares to the estate of Brian Morris, former president of the subsidiary, that was a part of his signing bonus when hired.
- (ii) There was a total of 3,929,937 share purchase warrants exercised for proceeds of \$886,094, of which 49,437 exercised warrants were finders’ warrants. A total of \$13,585 was transferred from reserves to share capital, representing the fair value of the finders’ warrants exercised during the year.



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### **8) SHARE CAPITAL – Continued**

#### **b) Issued – Continued**

- (iii) There was a total of 2,605,000 share options exercised for proceeds of \$170,750. A total of \$205,814 was transferred from reserves to share capital, representing the fair value of the share options exercised during the year.
- (iv) On January 30, 2020, the Company closed the first tranche of a non-brokered private placement. In connection with the first tranche closing, the Company issued a total of 2,685,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$537,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.30 until January 30, 2022. On closing, the Company paid a cash commission of \$1,200, representing 6% of the proceeds raised in respect of a portion of the private placement.
- (v) On February 13, 2020, the Company closed the final tranche of the non-brokered private placement. In connection with the closing of the final tranche, the Company issued a total of 3,512,065 units of the Company at a price of \$0.20 per unit for gross proceeds of \$702,413. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.30 until February 13, 2022. On closing, the Company paid a cash commission of \$13,500, representing 6% of the proceeds raised in respect of a portion of the private placement.
- (vi) On June 4, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 22,670,737 units of the Company at a price of \$0.20 per unit for gross proceeds of \$4,534,148. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.30 until June 4, 2023. On closing, the Company paid a cash commission of \$193,090, representing 7% of the proceeds raised in respect of a portion of the private placement. The Company also issued 950,950 finders' warrants, representing 7% of the units placed by finders. The finders' warrants were fair valued at \$261,321 and were treated as non-cash share issue costs.
- (vii) On July 31, 2020, the Company closed a non-brokered private placement. In connection with the closing, the Company issued a total of 10,416,667 units of the Company at a price of \$0.72 per unit for gross proceeds of \$7,500,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$10 until July 31, 2022. On closing, the Company paid a cash commission of \$399,280, representing 6% of the proceeds raised in respect of a portion of the private placement. The Company also issued 554,556 finders' warrants, representing 6% of the units placed by finders. The finders' warrants were fair valued at \$679,331 and were treated as non-cash share issue costs.

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## 8) SHARE CAPITAL – Continued

### c) Share purchase options

The Company adopted an incentive stock option plan (the “Plan”), which provides that the number of shares issuable under the Plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX-V.

The continuity of share purchase options for the period ended July 31, 2021 and year ended October 31, 2020 is as follows:

	Nine Months Ended July 31, 2021		Year Ended October 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	7,695,000	0.62	5,665,000	0.14
Granted	2,510,000	0.91	4,760,000	0.90
Exercised	(300,000)	0.12	(2,605,000)	0.08
Expired/Cancelled	-	-	(125,000)	0.31
Outstanding, end of the period	9,905,000	0.71	7,695,000	0.62
Exercisable, end of the period	9,705,000	0.68	7,345,000	0.59

The options have a weighted average life of 3.76 (October 31, 2020 - 4.23) years.

Expiry Date	Number of Options (Outstanding)	Number of Options (Exercisable)	Exercise Price
			\$
May 2, 2023	200,000	200,000	0.12
May 14, 2024	250,000	250,000	0.05
May 21, 2024	500,000	500,000	0.05
May 28, 2024	240,000	240,000	0.06
June 19, 2024	520,000	520,000	0.10
September 10, 2024	1,325,000	1,325,000	0.31
April 3, 2025	1,550,000	1,550,000	0.15
August 5, 2025	2,560,000	2,472,500	1.43
August 6, 2025	250,000	250,000	1.33
February 24, 2026	2,510,000	2,397,500	0.91

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Nine Months Ended July 31, 2021

## 8) SHARE CAPITAL – Continued

### c) Share purchase options – Continued

The fair value of the share-based payments expense for the period ended July 31, 2021 and year ended October 31, 2020, as determined by the Black-Scholes option pricing model, was estimated using the following assumptions:

	Nine Months Ended July 31, 2021 (weighted average)	Year Ended October 31, 2020 (weighted average)
Risk-free interest rate	0.73%	1.45%
Expected annual volatility	145.08%	135.33%
Expected life (years)	5	5
Dividend yield	0%	0%

The weighted average grant date fair value per option was \$0.8069 (October 31, 2020 - \$0.7911).

### d) Warrants

The continuity of warrants for the period ended July 31, 2021 and year ended October 31, 2020 is as follows:

	Nine Months Ended July 31, 2021		Year Ended October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	22,016,792	0.45	11,117,562	0.20
Issued	15,187,496	0.95	19,642,230	0.49
Exercised	(4,855,937)	0.29	(3,880,500)	0.22
Expired	-	-	(4,862,500)	0.19
Outstanding, end of the period	32,348,351	0.71	22,016,792	0.45

The warrants have a weighted average life of 1.69 (October 31, 2020 - 2.12) years.

Expiry Date	Number of Warrants	Exercise Price
		\$
January 30, 2022	1,167,500	0.30
February 13, 2022	1,337,282	0.30
June 17, 2022	1,380,000	0.16
July 31, 2022	5,208,331	1.00
September 6, 2022	1,332,375	0.25
June 4, 2023	6,735,367	0.30
June 8, 2023	7,999,996	1.15
February 19, 2024	7,187,500	0.72

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## 8) SHARE CAPITAL – Continued

### e) Restricted share units

On July 20, 2020, the Company adopted its RSU plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees, officers and directors of the Company and its affiliates who, in the judgment of the Board of Directors (the “Board”) and the Compensation Committee, will be largely responsible for the Company’s future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

During the period ended July 31, 2021, the Company granted an aggregate 801,800 (2020 - 362,000) RSUs to officers and directors of the Company. The RSUs vest over a three-year period with one-third vesting on the first anniversary date, one-third on the second anniversary date and the final one-third on the third anniversary date. As of the dates of grant, the Company had not received regulatory approval of its RSU plan, and as a result, the participants have not elected their settlement option of the RSUs. In accordance with IFRS 2 *Share-based Payments*, where there is an option to settle the payment in cash, the entity recognizes the services received and a liability to pay for those services.

Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at date of settlement, with any changes in fair value recognized in profit and loss for the period.

During the period ended July 31, 2021, the Company recognized share-based compensation expense related to the RSUs in the amount of \$356,157 (2020 - \$74,311). The Company recognized a corresponding increase to share compensation liability of \$356,157. The share compensation liability was remeasured at July 31, 2021 to be \$341,182 (October 31, 2020 - \$39,249), with the change in fair value of the compensation liability, \$54,224, recognized on the condensed consolidated interim statements of loss and comprehensive loss.

The following table summarizes the status of the Company’s outstanding RSUs as at July 31, 2021:

Grant date	Vesting Date	RSUs	
		Outstanding	Grant Date Fair Value
			\$
August 5, 2020	August 5, 2021	120,666	1.42
August 5, 2020	August 5, 2022	120,667	1.42
August 5, 2020	August 5, 2023	120,667	1.42
January 18, 2021	January 18, 2022	155,600	0.79
January 18, 2021	January 18, 2023	155,600	0.79
January 18, 2021	January 18, 2024	155,600	0.79
July 16, 2021	July 16, 2022	111,666	0.86
July 16, 2021	July 16, 2023	111,667	0.86
July 16, 2021	July 16, 2024	111,667	0.86
		1,163,800	

The fair value of the RSUs was \$762,495 as at July 31, 2021 (October 31, 2020 - \$271,500). Fair value is measured using the Company’s share price on the date of the grant and on subsequent remeasurement dates.

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### 8) SHARE CAPITAL – Continued

f) Finders' warrants

The continuity of finders' warrants for the period ended July 31, 2021 and year ended October 31, 2020 is as follows:

	Nine Months Ended July 31, 2021		Year Ended October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	1,456,069	0.57	-	-
Issued	886,068	0.74	1,505,506	0.56
Exercised	(72,678)	0.30	(49,437)	0.30
Outstanding, end of the period	2,269,459	0.64	1,456,069	0.57

  

Expiry Date	Number of Finders' Warrants	Exercise Price
		\$
July 31, 2022	554,556	1.00
June 4, 2023	828,835	0.30
June 8, 2023	466,666	0.75
February 19, 2024	419,402	0.72

The finders' warrants have a weighted average life of 1.77 (October 31, 2020 - 2.27) years.

The fair value of the finders' warrants granted during the period ended July 31, 2021 and year ended October 31, 2020, as determined by the Black-Scholes option pricing model, was estimated using the following assumptions:

	Nine Months Ended July 31, 2021 (weighted average)	Year Ended October 31, 2020 (weighted average)
Risk-free interest rate	0.31	0.29
Expected annual volatility	138.57%	152.33%
Expected life (years)	2.47	2.63
Grant date fair value	0.71	0.62
Dividend yield	0%	0%

## **BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)**

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### **9) RELATED PARTY TRANSACTIONS**

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed to by the related parties.

As at July 31, 2021, the Company owed \$113,915 (October 31, 2020 - \$235,224) to related parties as follows:

- (i) \$19,571 (2020 - \$67,025) in management fees and \$4,867 (2020 - \$5,412) in administration fees to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board. In addition, a total of \$44,174 (2020 - \$57,484) is payable as expense reimbursements;
- (ii) \$Nil (2020 - \$20,000) in management fees to the Company's CFO;
- (iii) \$Nil (2020 - \$40,000) to The Mining Recruitment Group Ltd., a company controlled by the CEO of the Company for consulting fees; and
- (iv) \$45,303 (2020 - \$45,303) to the former CEO of the Company for management fees.

#### Key management compensation

During the period ended July 31, 2021, the Company paid or accrued compensation to key management, or companies controlled by them, totalling \$628,426 (2020 - \$452,649). Of this amount:

- (i) \$5,500 (2020 - \$34,750) in management fees to Minhas Consulting Corp., a company controlled by the current CFO;
- (ii) \$114,999 (2020 - \$Nil) in management fees to the current CFO, including \$18,778 in bonuses;
- (iii) \$233,727 (2020 - \$230,899) in management fees, including \$53,790 in bonuses and \$51,674 (2020 - \$17,781) in administration fees, to Tanadog Management and Technical Services, Inc., a company controlled by the current chairman of the board;
- (iv) \$225,525 (2020 - \$187,000) in management fees to The Mining Recruitment Group Ltd., a company controlled by the CEO, including \$55,525 in bonuses; and
- (v) \$48,675 (2020 - \$Nil) in management fees to Jasperskye Ltd., a company controlled by the Senior Vice President of Corporate Development, of which \$12,675 related to bonuses.

During the period ended July 31, 2021, \$26,631 (2020 - \$10,374) in health and dental benefit premiums were paid on behalf of officers, employees and directors of the Company.

## **BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

### **9) RELATED PARTY TRANSACTIONS – Continued**

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's director was retained to perform executive, technical, managerial and consulting services, as directed by the Company's Board, to act as executive chair of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective September 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of US\$144,000 per annum, payable in equal monthly instalments of US\$12,000. Effective August 1, 2020, the agreement was amended to increase the base rate to US\$186,000 per annum, payable in equal monthly instalments of US\$15,500.

On October 1, 2019, the Company entered into a consulting agreement with a company whereby that company's president was retained to perform executive, managerial and consulting services, as directed by the Company's Board, to act as president and chief executive officer of the Company, to serve as a director of the Company and to hold such additional offices to which he may be appointed by the Company or any subsidiary of the Company. The agreement is effective October 1, 2019 for a term of one year with automatic renewals of consecutive one-year terms. Pursuant to the agreement, the consultant will receive a consulting fee at the base rate of \$180,000 per annum, payable in equal monthly instalments of \$15,000. Effective January 1, 2021, the base rate was increased to \$240,000 per annum, payable in monthly instalments of \$20,000.

Pursuant to the agreements:

- (i) The annual base rates are subject to increase at the Board's discretion;
- (ii) The consultants are entitled to receive an annual bonus, as determined at the Board's discretion;
- (iii) The consultants are entitled to participate in the Company's stock option plan;
- (iv) The consultants may terminate the agreements upon three months' written notice and will receive a termination payment equal to the then applicable base rate per annum if terminated for other than cause; and
- (v) If at any time during the term of the agreements there is a change of control (as defined) and the contracts are terminated within six months of the date of change of control, the consultants will receive an amount equal to two times both the then applicable base rate and any bonus paid or payable in respect of the Company's most recently completed financial year.

On November 1, 2019, the Company entered into an employment agreement with its corporate secretary for a term of one year with automatic renewals. Pursuant to the agreement, the corporate secretary will:

- (i) Receive a severance benefit equal to three times his current monthly salary, which shall increase by one month per year to a maximum of six months. In addition, his coverage under employee benefit programs will continue for an equal period of time unless the Company elects to pay a lump sum cash payment equal to the projected cost of maintaining him in such programs in lieu; and
- (ii) If at any time during the term of the agreement there is a change of control (as defined) and his employment is terminated within six months of the date of change of control, he will receive an amount equal to six times his current monthly salary, which will increase by one month per year to a maximum of 12 months and benefits for the same period in lieu of notice, severance, damages or other payments.

## **BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

### **9) RELATED PARTY TRANSACTIONS – Continued**

On January 1, 2021, the Company entered into an employment agreement with its CFO. Pursuant to the agreement, the CFO:

- (i) Is eligible for a target annual bonus based on the Company achieving its annual targets, individual performance and according to the annual bonus plan, as determined by the Compensation Committee;
- (ii) If terminated without cause or if he leaves the Company within six months of a change of city from which the Company carries on business, he is entitled to three months his current annual base salary plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay; and
- (iii) If terminated within six months of a change of control (as defined), he is entitled to receive severance pay equal to 12 months of annual base salary, plus the pro rata amount of the previous year's annual bonus plus the cash equivalent of accrued vacation pay.

### **10) CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and its ability to compete for investment or support of its projects.

### **11) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

#### Financial instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Cash is measured using Level 1, while the Company's share compensation liability is measured using Level 2. The Company does not have any financial instruments that are measured using Level 3 inputs. During the period, there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities.



# BLACKROCK SILVER CORP. (Formerly Blackrock Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Expressed in Canadian dollars)

Nine Months Ended July 31, 2021

## 11) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS – Continued

The Company's financial instruments are exposed to certain financial risks, including the following:

### Financial risk factors

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions, as determined by rating agencies.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at July 31, 2021, the Company had cash of \$9,520,999 (October 31, 2020 - \$6,589,531) to settle current liabilities of \$992,234 (October 31, 2020 - \$1,494,822). The Company is not subject to significant liquidity risk.

#### *Foreign currency risk*

The Company's functional currency is the Canadian dollar; however, there are expenses, assets and liabilities in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. As at July 31, 2021, the Company had cash balances of US\$7,556,956 (October 31, 2020 - US\$2,267,749), loans payable of \$Nil (October 31, 2020 - \$Nil) and accounts payable and accrued liabilities of US\$573,860 (October 31, 2020 - US\$937,051). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

## 12) COMMITMENTS AND CONTINGENCIES

Commitments related to the Property are disclosed in Note 6. The Company has no other commitments that extend more than 12 months into the future.

The Company has corporate credit cards with limits totalling \$30,000. The guaranteed investment certificate ("GIC") is being held as security for the credit cards by the bank. The GIC matures on October 21, 2021 and has an interest rate of 1%.

## 13) SUBSEQUENT EVENTS

The following transactions, not disclosed elsewhere in the financial statements, occurred subsequent to the period-end:

- a) A total of 850,000 share purchase warrants were exercised, for total proceeds of \$248,000, and 500,000 share purchase warrants were exercised, for total proceeds of \$25,000.
- b) A total of 120,664 RSU's vested and were settled for cash totalling \$102,098.