

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-55985**

SILVER ELEPHANT MINING CORP.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

Suite 1610 - 409 Granville Street
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(Address of principal executive offices)

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Securities registered or to be registered pursuant to Section 12 (b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12 (g) of the Act.

Common Shares without par value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 24,124,955
Common Shares as at December 31, 2021

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued By the International Accounting Standards Board Other

If "Other" has been checked in response to previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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INTRODUCTORY NOTES

GENERAL INFORMATION

In this annual report on Form 20-F (the "Annual Report"), the terms "we", "our", "us", the "Company" refer, unless the context requires otherwise, to Silver Elephant Mining Corp. and its subsidiaries.

References herein to "Common Shares" are references to the Common Shares without par value of the Company.

PRESENTATION OF FINANCIAL AND OTHER DATA

We prepare our audited consolidated financial statements in accordance with International Financial Reporting Standards, or "IFRS", as issued by the International Accounting Standards Board, or the "IASB". The financial information and related discussion and analysis contained in this annual report on Form 20-F are presented in Canadian dollars, unless stated otherwise. The financial information analysis in this annual report on Form 20-F is based on our consolidated financial statements as of December 31, 2021, 2020 and 2019, included elsewhere in this document. Percentages and some amounts in this annual report on Form 20-F have been rounded for ease of presentation. Any discrepancies between totals and the sums of the amounts listed are due to rounding.

CURRENCY

Unless otherwise indicated, all references to "dollars" or "\$" are to Canadian dollars and all references to "US dollars," "USD", "US\$" or "USD\$" are to United States of America dollars.

SHARE CONSOLIDATIONS AND FORWARD SPLIT

2016 Share Consolidation

On June 7, 2016, we completed a consolidation of our issued and outstanding Common Shares on the basis of one post consolidation Common Share, option and warrant, for 100 pre-consolidation Common Shares, options and warrants, as applicable (we refer to this as the "2016 Consolidation").

Forward Split

On August 8, 2018, we completed a split of our issued and outstanding Common Shares on the basis of ten post-split Common Shares, options and warrants for 1 pre-split Common Share, option and warrant, as applicable (the "Forward Split").

2021 Share Consolidation

On December 22, 2021, the shareholders approved a consolidation of our issued and outstanding Common Shares on the basis of one (1) new Common Share for every ten (10) issued and outstanding Common Shares (we refer to this as the "2021 Consolidation"). The 2021 Consolidation was effected on January 14, 2022.

All Common Share and "per share" information in this Annual Report have been retroactively adjusted to reflect the 2021 Consolidation, as applicable, for all periods presented, unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of Canadian securities laws and are intended to be covered by the safe harbors provided by such regulations (collectively referred to herein as "forward-looking statements"). Forward-looking statements in this Annual Report are frequently, but not always, identified by words such as "expects", "anticipates", "intends", "believes", "estimates", "potentially" or similar expressions, or statements that events, conditions or results "will", "may", "would", "could", "should" occur or are "to be" achieved, and statements related to matters which are not historical facts. Information concerning management's expectations regarding our future growth, results of operations, performance, business prospects and opportunities may also be deemed to be forward-looking statements, as such information constitutes predictions based on certain factors, estimates and assumptions subject to significant business, economic, competitive and other uncertainties and contingencies, and involve known and unknown risks which may cause the actual results, performance, or achievements to be different from future results, performance, or achievements contained in our forward-looking statements.

Such forward-looking statements include, but are not limited to, statements regarding the following:

- the Company's planned and future exploration and/or development of the Pulacayo Paca silver-lead-zinc property located in the Potosí Department, Antonio Quijarro province, Bolivia and the Gibellini vanadium project located in the State of Nevada, USA;
- the volatility of the novel coronavirus ("COVID-19") outbreak as a global pandemic;
- political instability and social unrest in Bolivia and other jurisdictions where the Company operates;
- the use of proceeds from the February 2021 Private Placement and November 2021 Private Placement;
- the Company's goals regarding exploration, and development of, and production from its projects, and regarding raising capital and conducting further exploration and developments of its properties;
- the Company's future business plans;
- the Company's future financial and operating performance;
- the future price of silver, lead, zinc, vanadium and other metals;
- expectations regarding any environmental issues that may affect planned or future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations;
- the ability to obtain or maintain any required permits, licenses or other necessary approvals for the exploration or development of the Company's projects;
- government regulation of mineral exploration and development operations in Bolivia and other relevant jurisdictions;
- the Company's reliance on key management personnel, advisors and consultants;
- the volatility of global financial markets;
- the timing and amount of estimated future operating and exploration expenditures;
- the costs and timing of the development of new deposits;
- the continuation of the Company as a going concern;
- the likelihood of securing project financing;
- the impacts of changes in the legal and regulatory environment in which the Company operates;
- the timing and possible outcome of any pending litigation and regulatory matters; and
- other information concerning possible or assumed future results of the Company's operations.

The forward-looking statements in this Annual Report are based upon our current business and operating plans, and are subject to certain risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by our forward-looking statements, including, among others:

- the Company is an exploration stage company;
- the cost, timing and amount of estimated future capital, operating exploration, acquisition, development and reclamation activities;
- the volatility of the market price of the Common Shares;
- judgment of management when exercising discretion in the use of proceeds from offerings of securities;
- sales of a significant number of Common Shares in the public markets, or the perception of such sales, could depress the market price of the Common Shares;
- potential dilution with the issuance of additional Common Shares;
- none of the properties in which the Company has a material interest have mineral reserves;
- estimates of mineral resources are based on interpretation and assumptions and are inherently imprecise;
- the Company has not received any material revenue or net profit to date;
- exploration, development and production risks;
- no history of profitable mineral production;
- actual capital costs, operating costs, production and economic returns may differ significantly from those the Company has anticipated;
- foreign operations and political condition risks and uncertainties;
- legal and political risk, including as a result of the new Biden administration in the United States;
- amendments to local laws;
- the ability to obtain, maintain or renew underlying licenses and permits;
- title to mineral properties; environmental risks;
- competitive conditions in the mineral exploration and mining business;
- availability of adequate infrastructure;
- the ability of the Company to retain its key management and employees and the impact of shortages of skilled personnel and contractors;
- limits of insurance coverage and uninsurable risk;
- reliance on third party contractors;
- the availability of additional financing on reasonable terms or at all;
- foreign exchange risk;
- impact of anti-corruption legislation;
- recent global financial conditions;
- changes to the Company's dividend policy;
- conflicts of interest;
- cyber security risks;
- litigation and regulatory proceedings;
- the obligations which the Company must satisfy in order to maintain its interests in its properties;
- the influence of third-party stakeholders;
- the Company's relationships with the communities in which it operates;
- human error;
- the speculative nature of mineral exploration and development in general, including the risk of diminishing quantities or grades of mineralization;
- proposed legislation in Nevada that could increase the costs or taxation of our operations;
- the Company is likely a "passive foreign investment company", which may have adverse U.S. federal income tax consequences for U.S. investors; and
- other risks and the factors discussed under the heading "*Risk Factors*" in this Annual Report.

This foregoing list is not exhaustive of the factors that may affect any of our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*Risk Factors*" in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. For the reasons set forth above and elsewhere in this Annual Report, we caution you not to place undue reliance on forward-looking statements in this Annual Report.

The forward-looking statements in this Annual Report speak only as to the date of this Annual Report and are based on our beliefs, opinions and expectations at the time they are made. Except as required by law, we undertake no obligation to update or review any forward-looking statements whether as a result of new information, future developments or otherwise.

METRIC CONVERSION TABLE

To Convert Imperial Measurement Units	To Metric Measurement Units	Multiply by
Acres	Hectares	0.4047
Feet	Meters	0.3048
Miles	Kilometers	1.6093
Tons (short)	Tonnes	0.9072
Gallons	Liters	3.785
Ounces (troy)	Grams	31.103
Ounces (troy) per ton (short)	Grams per tonne	34.286

TECHNICAL INFORMATION

This Annual Report contains information of a technical or scientific nature respecting the Company's mineral properties (the "Technical Information"). Technical Information is primarily derived from the documents referenced herein. All Technical Information which appears in this Annual Report has been reviewed and approved by Daniel Oosterman, Vice President Exploration of the Company who is a "Qualified Person" as defined by the guidelines in NI 43-101 and S-K 1300. The Company operates quality assurance and quality control of sampling and analytical procedures.

On October 31, 2018, the United States Securities and Exchange Commission ("SEC") adopted Subpart 1300 of Regulation S-K ("S-K 1300") along with the amendments to related rules and guidance in order to modernize the property disclosure requirements for mining registrants under the Securities Act and the Securities Exchange Act. Registrants engaged in mining operations must comply with Regulation S-K 1300 for the first fiscal year beginning on or after January 1, 2021. Accordingly, the Company is providing disclosure in compliance with Regulation S-K 1300 for its fiscal year ending December 31, 2021, and all of its mineral resources have been determined in accordance with Regulation S-K 1300 as well as in accordance with NI 43-101.

GLOSSARY OF TERMS

Ag	silver
Au	gold
deposit	means a mineral deposit which is a mineralized mass that may be economically valuable, but whose characteristics may require more detailed information. Mineral resources are calculated from geological data collected from deposits, however, deposits do not necessarily reflect the presence of mineral resources.
Fe	iron
ft	feet
g/t	Grams per tonne
lb.	pound (2,000 lbs. to 1 ton, 2,204.6 lbs. to 1 tonne)
Indicated Coal Resource	That part of a Coal Resource for which quantity or quality, densities, shape, and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and quality continuity to be reasonably assumed.
Indicated Mineral Resources	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Coal Resource	That part of a Coal Resource for which quantity and quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and quality continuity. The estimate is based on limited information and sampling, gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes.
Inferred Mineral Resource	Inferred Mineral Resource is the part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological or grade continuity.
m	meters
Measured Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
mineral resource	means a concentration or occurrence of natural, solid, inorganic, or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics, and continuity of a mineral resource are known, estimated, or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into <i>Inferred, Indicated, and Measured</i> categories. Note that the confidence level in Inferred Mineral Resources is insufficient to allow the application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Regardless of category, a mineral resource is estimated through application of the guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Reserves: Definitions and Guidelines, as amended in 2014. A "historic" mineral resource estimate refers to a mineral resource estimate of the quantity, grade, or metal or mineral content of a deposit that the Company has not verified as current, and which was prepared before the Company acquired or entered into an agreement to acquire, an interest in the property that contains the deposit.
NI 43-101	Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects.
oz.	troy ounce (12 oz. to 1 pound)
Preliminary Economic Assessment (PEA)	A preliminary assessment study which includes an economic analysis of the potential viability of a material resource prior to the completion of a prefeasibility study. Based on the Society for Mining, Metallurgy and Exploration (SME) study types a PEA (also known as a conceptual or scoping study used to support a NI 43-101 Technical Report is within +/-35% degree of accuracy.
Preliminary Feasibility Study (PFS)	A comprehensive study of the viability of a project that has advanced to a stage where the mining method and pit configuration has been established and an effective method of coal processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors, and the evaluation of other relevant factors which are sufficient for a Qualified Person (QP), acting reasonably, to determine if all or part of a Resource can be classified as a Reserve (CIM Standards, 2014). Based on the SME study types a PFS used to support a NI 43-101 Technical Report is within +/-25% degree of accuracy.
Qualified Person Or QP	An individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association recognized under NI 43-101 and S-K 1300 (CIM Standards, 2014).
S-K 1300	Subpart 1300 of Regulation S-K which sets forth the required mining disclosures required by the SEC.
S-K 1300 – Indicated Mineral Resource	Indicated mineral resource is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve.
Ti	Titanium

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section describes some of the risks and uncertainties faced by us. An investment in the Company involves a high degree of risk. You should carefully consider the risks described below and the risks described elsewhere in this Annual Report when making an investment decision related to the Company. We believe the risk factors summarized below are most relevant to our business. These are factors that, individually or in the aggregate, could cause our actual results to differ significantly from anticipated or historical results. The occurrence of any of the risks could harm our business and cause you to lose all or part of your investment. However, you should understand that it is not possible to predict or identify all such factors. The risks and uncertainties described and discussed below and elsewhere in this Annual Report are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See the discussion under the heading “*Cautionary Note Regarding Forward-Looking Statements*” at the beginning of this Annual Report for more detail.

Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.

We have a history of net losses and do not anticipate having positive cash flow in the foreseeable future.

We have not received any material revenue or net profit to date. Exploration and development of mineral properties requires large amounts of capital and usually results in accounting losses for many years before profitability is achieved, if ever. We have incurred losses and negative operating cash flow during our most recently completed financial year and for the current financial year to date. We believe that commercial mining activity is warranted on our Gibellini Project (as defined herein) and Pulacayo Project (as defined herein). Even if we undertake future development activity on any of our properties, there is no certainty that we will produce revenue, operate profitably or provide a return on investment in the future. The exploration of our properties depends on our ability to obtain additional required financing. There is no assurance that we will be successful in obtaining the required financing, which could cause us to postpone our exploration plans or result in the loss or substantial dilution of our interest in our properties.

We will need a significant amount of capital to carry out our proposed business plan. Unless we are able to raise sufficient funds, we may be forced to discontinue our operations.

We are in the exploration stage and will likely operate at a loss until our business becomes established. We will require additional financing in order to fund future operations. Our ability to secure any required financing in order to commence and sustain our operations will depend in part upon prevailing capital market conditions as well as our business success. There can be no assurance that we will be successful in our efforts to secure any additional financing on terms satisfactory to our management. If additional financing is raised by issuing Common Shares, control may change, and shareholders may suffer additional dilution. If adequate funds are not available or they are unavailable on acceptable terms, we may be required to scale back our business plan or cease operating.

Our mineral exploration efforts are highly speculative in nature and may be unsuccessful.

The exploration for and development of minerals involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in our resource base.

Our operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on our business, operations and financial performance.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing vanadium, silver, coal and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which we have an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which our properties are located, often in poor climate conditions.

Our long-term commercial success depends on our ability to find, acquire, develop and commercially produce vanadium, silver, coal and other minerals. No assurance can be given that we will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, we may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

We have no history of profitably commercially producing vanadium, silver, coal or other metals from our mineral exploration properties and there can be no assurance that we will successfully establish mining operations or profitably produce vanadium, silver, coal or other base or precious metals.

None of our properties are currently under development. The future development of any property found to be economically feasible will require the construction and operation of mines, processing plants and related infrastructure. As a result, we are subject to all of the risks associated with establishing new mining operations and business enterprises, including:

- the timing and cost of the construction of mining and processing facilities;
- the availability and costs of skilled labor and mining equipment;
- the availability and cost of appropriate smelting and/or refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits and the timing of those approvals and permits; and
- the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine construction and development are increased by the remote location of our mining properties. It is common in new mining operations to experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that our activities will successfully establish mining operations, result in profitable operations or that vanadium, silver, coal or other metals will be produced at any of our properties.

All of the properties in which we hold an interest are considered to be in the exploration stage only and do not contain a known body of commercial minerals. The figures for our resources are estimates based on interpretation and assumptions and may yield less mineral production under actual operating conditions than is currently estimated.

All of the properties in which we hold an interest are considered to be in the exploration stage only and do not contain a known body of commercial minerals. The figures for our resources are estimates based on interpretation and assumptions and may yield less mineral production under actual operating conditions than is currently estimated. Unless otherwise indicated, mineralization figures presented in this Annual Report and in our other filings with securities regulatory authorities, news releases and other public statements that may be made from time to time are based upon estimates made by our personnel and independent geologists. These estimates may be imprecise because they are based upon geological and engineering interpretation and statistical inferences drawn from drilling and sample analysis, stated operating conditions, and mineral processing tests, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- resource or other mineralization figures will be accurate; or
- the resource or mineralization could be mined or processed profitably.

Because we have not commenced production at any of our properties, other than Ulaan Ovoo, and have not defined or delineated any proven or probable reserves on any of our properties, the mineralization estimates for our properties may require adjustments including possible downward revisions based upon further exploration or development work, actual production experience, or current costs and sales prices. In addition, the quality of coal or grade of ore ultimately mined, if any, may differ from that indicated by drilling and beneficiation testing results. There can be no assurance that the type and amount of minerals recovered in laboratory analyses and small-scale beneficiation tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The resource estimates contained in this Annual Report have been estimated based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for vanadium, silver, coal or other metals may render portions of our mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our results of operations or financial condition.

Actual capital costs, operating costs, production and economic returns may differ significantly from those we have anticipated and there are no assurances that any future development activities will result in profitable mining operations.

Actual capital costs, operating costs, production and economic returns may differ significantly from those we have anticipated, and we cannot assure you that any future development activities will result in profitable mining operations. The capital costs required to take our projects into production may be significantly higher than anticipated. None of our mineral properties has a sufficient operating history upon which we can base estimates of future operating costs. Any potential decisions about the possible development of these and other mineral properties would ultimately be based upon feasibility studies which may or may not be undertaken. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore or quality of the vanadium, silver, coal or other minerals to be mined and/or processed;
- anticipated recovery rates of metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for us may differ significantly from those anticipated by our current studies and estimates, and there can be no assurance that our actual operating costs will not be higher than currently anticipated.

COVID-19 - The outbreak of contagious diseases, including the spread of the coronavirus, could impact our business operations, results of operations and/or financial condition.

An emerging risk is a risk not well understood at the current time and for which the impacts on strategy and financial results are difficult to assess or are in the process of being assessed. Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Our business operations could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. We cannot accurately predict the impact COVID-19 will have on third parties, including our employees or contractors, ability to fulfil their obligations to the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, its severity, the duration of the outbreak, and the restrictions imposed by governments of affected countries to combat COVID-19. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those countries in which our properties are located and other countries we rely on to conduct our business operations), resulting in an economic downturn that could negatively impact our operating results and financial condition. There can be no assurance that any policies or procedures that have been or that may be put in place by the Company will mitigate the risks associated with, or that they will not cause us to experience, less favourable health, safety and economic outcomes, including the ability to obtain financing for business operations as needed or on terms acceptable to the Company.

We are subject to substantial government regulation in the United States and Canada. Changes to regulation or more stringent implementation could have a material adverse effect on our results of operations and financial condition.

Mining and exploration activities at our properties in North America are subject to various laws and regulations relating to the protection of the environment, such as the U.S. federal Clean Water Act and the Nevada Water Pollution Control Law. Although we intend to comply with all existing environmental and mining laws and regulations, no assurance can be given that we will be in compliance with all applicable regulations or that new rules and regulations will not be enacted, including by the new Biden administration in the United States, or that existing rules and regulations will not be applied in a manner that could limit or curtail development of our properties.

All claims held by us in the United States are unpatented lode mining claims and all claims held by us in Ontario are patented claims. Our Manitoba claims are Crown Land mineral claims and mineral leases administered by the Manitoba Provincial government. At present, there is no royalty payable to the United States on production from unpatented mining claims, but exploration and development on these claims is subject to regulation and requires permits from the U.S. Department of Interior and various state agencies. There is a tax imposed on profits from the extraction of mineral substances raised and sold by operators of Ontario mines. There have been legislative attempts to impose a royalty on production from unpatented mining claims in the United States in recent years. Amendments to current laws and regulations governing exploration, development and mining or more stringent implementation thereof could have a material adverse effect on our business and cause increases in exploration expenses or capital expenditures or require delays or abandonment in the development of our properties.

Our operations are also subject to laws and regulations governing the protection of endangered and other specified species. In May 2015, the U.S. Department of the Interior released a plan to protect the greater sage grouse, a species whose natural habitat is found across much of the western United States, including Nevada. The U.S. Department of the Interior's plan is intended to guide conservation efforts on approximately 70 million acres of national public lands. No assurances can be made that restrictions relating to conservation will not have an adverse impact on our operations in impacted areas.

We are also required to expend significant resources to comply with numerous corporate governance and disclosure regulations and requirements adopted by Canadian federal and provincial governments, as well as the Toronto Stock Exchange (the "TSX"). These additional compliance costs and related diversion of the attention of management and key personnel could have a material adverse effect on our business.

Reform of the General Mining Law could adversely impact our results of operations.

All of our unpatented mining claims are on U.S. federal lands. Legislation has been introduced regularly in the U.S. Congress over the last decade to change the General Mining Law of 1872, as amended (the "General Mining Law"), under which we hold these unpatented mining claims. It is possible that the General Mining Law may be amended or replaced by less favorable legislation in the future. Previously proposed legislation contained a production royalty obligation, new environmental standards and conditions, additional reclamation requirements and extensive new procedural steps which would likely result in delays in permitting. The ultimate content of future proposed legislation, if enacted, is uncertain. If a royalty on unpatented mining claims were imposed, the profitability of our U.S. operations could be materially adversely affected.

Any such reform of the General Mining Law could increase the costs of our U.S. mining activities or could materially impair our ability to develop or continue our U.S. operations, and as a result, could have an adverse effect on us and our results of operations.

We are required to obtain government approvals and permits in order to conduct operations.

Government approvals and permits are currently required in connection with all of our operations, and further approvals and permits may be required in the future. We must obtain and maintain a variety of licenses and permits, which include or cover, without limitation, air quality, water quality, water rights, dam safety, fire safety, emergency preparedness, hazardous materials, mercury control, waste rock management, solid waste disposal, storm water runoff, water pollution control, water treatment, rights of way and tailings operations. Such licenses and permits are subject to change in regulations and in various operating circumstances. The duration and success of our efforts to obtain permits are contingent upon many variables outside of our control. Obtaining governmental approvals and permits may increase costs and cause delays depending on the nature of the activity to be permitted and the applicable requirements implemented by the permitting authority.

There can be no assurance that all necessary approvals and permits will be obtained or timely obtained. In addition, there can be no assurance that, if obtained, the costs of the approvals and permits will not exceed our estimates or that we will be able to maintain such approvals and permits. To the extent such approvals or permits are required and not obtained or maintained, our operations may be curtailed, or we may be prohibited from proceeding with planned exploration, development or operation of our mineral properties.

Certain of our current exploration properties are located in Bolivia and Mongolia, and their operations may be exposed to various levels of political, economic, and other risks and uncertainties.

Certain of our current exploration properties are located in Bolivia and Mongolia. In these countries, their operations may be exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to, political and bureaucratic corruption and uncertainty, terrorism, hostage taking, military repression, fluctuations in currency exchange rates, high rates of inflation, labor unrest, civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls, and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political and economic conditions may result in a government adopting different policies with respect to foreign development and ownership of mineral resources. Any changes in policy may result in changes in laws affecting ownership of assets, foreign investment, taxation, rates of exchange, resource sales, environmental protection, labour relations or practices, price controls, repatriation of income, and return of capital which may affect both our ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as our ability to continue to explore, develop, and operate those properties to which we have rights relating to exploration, development, and operations.

Changes in regulations or shifts in political attitudes in Bolivia and Mongolia, as well as in neighboring countries, are beyond our control and may adversely affect our business and financial condition.

Any changes in regulations or shifts in political attitudes in Bolivia and Mongolia are beyond our control and may adversely affect our business, financial condition and prospects.

The Bolivian government adopted a new constitution (which we refer to as the "NCPE") in early 2009 which increased state control over key economic sectors, including mining. The NCPE provides that all minerals, among all natural resources, belong to the Bolivian people who are represented by the government. Such entity is the only one capable of managing all minerals throughout the production chain. Consequently, only the Bolivian central government possesses the authority to grant mining rights. Bolivian President Evo Morales signed a new law, the Law of Mining Rights, increasing the State's expropriation powers over the mining sector. It was specifically drafted to target mines deemed by the state as unproductive, inactive or idle. The Bolivian government has assigned responsibility for determining whether a concession is idle to the Vice Ministry of Regulation, Auditing and Mining Policy. Mining areas occupied by cooperatives or local groups will not be regarded as idle. There have been recent actions by the government of Bolivia to ease concerns of foreign exploration and mining investors. As reported in the *Mining Journal*, at a UK-Bolivia trade and investment forum in London in June of 2016, Félix César Navarro, Minister of Mining and Metallurgy ("Minister Navarro"), talked of new safeguards for foreign investors looking to put cash into the country, stating, that new contracts governing exploration, mining and processing were currently going through Bolivia's congress that would give foreign investors the legal security they need to invest in the country (*report by Mining Journal June 10, 2016*). Certain Company officials also met with Minister Navarro in March, October and November of 2016. During the meeting in March at the 2016 PDAC convention, Minister Navarro expressed his full support for the start-up and development of the Pulacayo mine. During the October meeting, Minister Navarro stated that the aim of the recent mining regulation is to support the investors and ensure the inclusion of cooperative labor in their projects. At the November meeting, Minister Navarro stated that both public and private mining sectors will try to attract foreign investment disclosing and sharing their experience with investors from several parts of the world. We consider our investment in the Pulacayo Project to be safe. However, we cannot provide any assurance that our operations at the Pulacayo Project will not be affected by changes in the political environment of Bolivia or the political attitudes of the Bolivian government. Further, there can be no assurance that neighboring countries' political and economic policies in relation to Bolivia will also not have adverse economic effects on our business, including our ability to transport and sell our product and access construction labor, supplies and materials.

The Mongolian legal system shares several of the qualitative characteristics typically found in a developing country and many of its laws, particularly with respect to matters of environment and taxation, are still evolving. A transaction or business structure that would likely be regarded under a more established legal system as appropriate and relatively straightforward might be regarded in Mongolia as outside the scope of existing Mongolian law, regulation, or legal precedent. As the legal framework in Mongolia is in many instances based on recent political reforms or newly enacted legislation which may not be consistent with long-standing conventions and customs, certain business arrangements or structures and certain tax planning mechanisms may carry significant risks. In particular, when business objectives and practicalities dictate the use of arrangements and structures that, while not necessarily contrary to settled Mongolian law, are sufficiently novel within a Mongolian legal context, it is possible that such arrangements may be invalidated.

The legal system in Mongolia has inherent uncertainties that could limit the legal protections available to us. These uncertainties include, without limitation: (i) inconsistencies between laws; (ii) limited judicial and administrative guidance on interpreting Mongolian legislation; (iii) substantial gaps in the regulatory structure due to delay or absence of implementing regulations; (iv) the lack of established interpretations of new principles of Mongolian legislation, particularly those relating to business, corporate and securities laws; (v) a lack of judicial independence from political, social and commercial forces; and (vi) bankruptcy procedures that are not well developed and are subject to abuse. The Mongolian judicial system has relative little experience in enforcing the laws and regulations that currently exist, leading to a degree of uncertainty as to the outcome of any litigation, it may be difficult to obtain swift and equitable enforcement, or to obtain enforcement of a judgment by a court of another jurisdiction.

In addition, while legislation has been enacted to protect private property against expropriation and nationalization, due to the lack of experience in enforcing these provisions and political factors, these protections may not be enforced in the event of an attempted expropriation or nationalization. Whether legitimate or not, expropriation or nationalization of any of our assets, or portions thereof, potentially without adequate or any compensation, could materially and adversely affect our business and results of operations. Further, there can be no assurance that neighboring countries' political and economic policies in relation to Mongolia will not have adverse economic effects on our business, including our ability to transport and sell our product and access construction labor, supplies and materials.

In Bolivia, recent and anticipated changes to mining laws and policies and mining taxes and expected changes in governmental regulation or governmental actions may adversely affect us.

In Bolivia, recent and anticipated changes to mining laws and policies and mining taxes and expected changes in governmental regulation or governmental actions may adversely affect us. On May 28, 2014, Law 535 of Mining and Metallurgy (which we refer to as the "May Mining Law") was adopted and placed into effect. Pursuant to the May Mining Law, we must develop our mining activities to comply with the economic and social function, which means observing the sustainability of the mining activities, work creation, respecting the rights of our mining workers, and ensuring the payment of mining patents and the continuity of existing activities.

The Framework Law on Mother Earth and Integral Development for Living Well (together with the May Mining Law, the "New Mining Laws"), in effect since October 15, 2012, prioritizes the importance of nature to the Bolivian people and could have significant consequences to the country's mining industry. This law established 11 new rights for "mother earth" including, the right to life and to exist; the right to continue vital cycle and processes free from human alteration; the right to pure water and clean air; the right to balance; the right not to be polluted; and the right to not have cellular structure modified or genetically altered. At present, it is unclear how the New Mining Laws will affect exploration companies with projects in the area or how the law will be enforced.

In the past, the Government of Bolivia has nationalized the assets of certain companies in various industries. Nationalization or other expropriation of our assets, without adequate compensation, could have a material adverse effect on our business and/or result in the total loss of our investment in Bolivia.

Our mineral rights may be terminated or not renewed by governmental authorities and we may be negatively impacted by changes to mining laws and regulations.

Our activities are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labor standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Although we believe that our activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations, including by the new Biden administration in the United States and proposed changes to tax laws in Nevada, and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on our business, operations and financial performance. Further, the mining licenses and permits issued in respect of our projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of our investments in such projects may decline.

In the United States, the tenures are in the form of claims where exploration and development rights are retained so long as annual maintenance fees are paid and certain forms filed. The maintenance fees may be substantial with a large number of claims and the fees are adjusted periodically. Diligent periodic assessment of the resource and development value of claims by the claimant is required.

Title to our mineral properties may be disputed by third parties.

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. At all of such properties where there are current or planned exploration activities, we believe that we have either contractual, statutory, or common law rights to make such use of the surface as is reasonably necessary in connection with those activities. Although we believe we have taken reasonable measures to ensure proper title to our properties, there is no guarantee that title to our properties will not be challenged or impaired. Successful challenges to the title of our properties could impair the development of operations on those properties.

Environmental regulations worldwide have become increasingly stringent over the last decade which will require us to dedicate more time and money to compliance and remediation activities.

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, and federal, state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills and releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Entities engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on our business and cause increases in capital expenditures, production costs or reduction in levels of production at producing properties, or require abandonment or delays in the development of new mining properties.

Certain of our properties are located on land that is or may become subject to traditional territory, title claims and/or claims of cultural significance by certain Native American tribes or Aboriginal communities and stakeholders, and such claims and the attendant obligations of the provincial and federal governments to those tribal or Aboriginal communities and stakeholders may affect our current and future operations.

Native American and Aboriginal interests and rights as well as related consultation issues may impact our ability to pursue exploration and development at our U.S. and Canadian properties. There is no assurance that claims or other assertion of rights by tribal or Aboriginal communities and stakeholders or consultation issues will not arise on or with respect to our properties or activities. These could result in significant costs and delays or materially restrict our activities. Opposition by Native American tribes or Aboriginal communities and stakeholders to our presence, operations or development on land subject to their traditional territory or title claims or in areas of cultural significance could negatively impact us in terms of public perception, costly legal proceedings, potential blockades or other interference by third parties in our operations, or court-ordered relief impacting our operations. In addition, we may be required to, or may voluntarily, enter into certain agreements with such Native American tribes or Aboriginal communities and stakeholders in order to facilitate development of our properties, which could reduce the expected earnings or income from any future production.

Litigation and Regulatory Proceedings

The Company may be subject to civil claims (including class action claims) based on allegations of negligence, breach of statutory duty, public nuisance or private nuisance or otherwise in connection with the Company's operations, or investigations relating thereto. While the Company is presently unable to quantify any potential liability under any of the above heads of damage, such liability may be material and may materially adversely affect the Company's ability to continue operations. In addition, the Company may be subject to actions or related investigations by governmental or regulatory authorities in connection with its business activities, including, but not limited to, current and historic activities at the Company's properties. Such actions may include prosecution for breach of relevant legislation or failure to comply with the terms of the Company's licenses and permits and may result in liability for pollution, other fines or penalties, revocations of consents, permits, approvals or licenses or similar actions, which could be material and may impact the results of the Company's operations. The Company's current insurance coverage may not be adequate to cover any or all the potential losses, liabilities and damages that could result from the civil and/or regulatory actions referred to above.

The mining industry in general is intensely competitive. Furthermore, there is no assurance that, even if commercial quantities are discovered, a ready market will exist for sale of the same mineral ore.

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Marketability of natural resources which we may discover will be affected by numerous factors beyond our control, such as market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations including regulations relating to prices, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of such factors cannot be predicted but they may result in us not receiving an adequate return on our investment.

The mining business is subject to inherent risks, some of which are not insurable.

Our business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in amounts that we consider reasonable, our insurance will not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. We may also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance, results of operations and business outlook.

We depend on a number of key personnel, including our directors and executive officers, the loss of any one of whom could have an adverse effect on our operations.

We depend on a number of key personnel, including our directors and executive officers, the loss of any one of whom could have an adverse effect on our operations. We have employment and consulting contracts with several key personnel, and we do not have key man life insurance.

Our ability to manage growth effectively will require us to continue to implement and improve management systems and to recruit and train new employees. We cannot assure you that we will be successful in attracting and retaining skilled and experienced personnel.

Our business is highly dependent on the international market prices of the metals we plan to produce, which are both cyclical and volatile.

Our revenues, if any, are expected to be in large part derived from the mining and sale of vanadium, silver, nickel, coal and other minerals. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond our control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods.

The price of vanadium, silver and coal may have a significant influence on the market price of our securities and the value of our mineral properties. Mineral prices fluctuate widely and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on our business, financial condition and result of operations.

We may be subject to misconduct by third-party contractors.

We will be heavily reliant upon our contractors during the development of large scale projects. Companies are often measured and evaluated by the behavior and performance of their representatives, including in large part their contractors. We work hard to build in controls and mechanisms to choose and retain employees and contractors with similar values to our own; however, these controls may not always be effective. Sound judgment, safe work practices, and ethical behavior is expected from our contractors both on and off-site. Any work disruptions, labor disputes, regulatory breach or irresponsible behavior of our contractors could reflect on us poorly and could lead to loss of social license, delays in production and schedule, unsafe work practices and accidents and reputational harm.

Our business requires substantial capital expenditures and is subject to financing risks.

We estimate that our current financial resources are insufficient to undertake presently planned exploration and development programs. Further exploration and development of our mineral properties may require additional capital. One source of future funds presently available to us is through the sale of equity capital. There is no assurance that this source will continue to be available as required or at all. If it is available, future equity financings may result in substantial dilution to shareholders. Another alternative for the financing of further exploration and/or development would be the offering of an interest in our mineral properties to be earned by another party or parties carrying out further exploration or development thereof. There can be no assurance that we will be able to conclude any such agreements on favorable terms or at all.

Any failure to obtain the required financing on acceptable terms could have a material adverse effect on our financial condition, results of operations and liquidity and may require us to cancel or postpone planned capital investments.

Foreign Operations, Including Emerging and Developing Market Risk

Changes in mining, investment or other applicable policies or shifts in political attitude in Bolivia may adversely affect the Company's operations or profitability and may affect the Company's ability to fund its ongoing expenditures. Regardless of the economic viability of the Company's properties, such political changes, which are beyond the Company's control, could have a substantive impact and prevent or restrict (or adversely impact the financial results of) mining of some or all of any deposits on the Pulacayo Project.

Bolivia is a mining-friendly jurisdiction with a long history of mining and an experienced labour force. The majority of the Company's operating costs in relation to Pulacayo Project are denominated in Bolivian boliviano. The Company has not hedged its exposure to any exchange rate fluctuations applicable to its business, and is therefore exposed to currency fluctuation risks. The Company's operations are also subject to Bolivian regulations pertaining to environmental protection, the use and development of mineral properties and the acquisition or use of rural properties by foreign investors or Bolivian companies under foreign control and various other Bolivian regulatory frameworks, as described below.

The market for securities issued by companies with significant operations in Bolivia is influenced by economic and market conditions in Bolivia and, to varying degrees, market conditions in Canada, the United States and developing countries, especially other Latin American countries. Although economic conditions vary by country, the reaction of investors to developments in one country may cause fluctuations in the capital markets in other countries. Developments or adverse economic conditions in other countries, including developing countries, have at times significantly affected the availability of credit in the Bolivian economy and resulted in considerable outflows of funds and reduced foreign

investment in Bolivia, as well as limited access to international capital markets, all of which may materially adversely affect The Company's ability to borrow at acceptable interest rates or to raise equity capital when it needs to do so. In addition, a significant decline in the economic growth or demand for imports of any of Bolivia's major trading partners could have a material adverse impact on Bolivia's exports and balance of trade and adversely affect Bolivia's economic growth.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes produce a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, Bolivia could be adversely affected by negative economic or financial developments in other countries.

The Company's financial condition and results of any future operations may also be materially adversely affected by any of the following factors, as well as by the Bolivian government's actions in response to them:

- currency depreciations and other exchange rate movements;
- monetary policies;
- inflation rate fluctuations;
- economic and social instability;
- energy shortages or other changes in energy prices;
- interest rates;
- disasters at third party mineral projects;
- exchange rate controls and restrictions on remittances abroad;
- liquidity of the domestic capital and lending markets;
- tax policy, including international tax treaties; and
- other political, diplomatic, social and economic policies or developments in or affecting Bolivia.

Uncertainty over whether the Bolivian federal government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Bolivia and to heightened volatility in the market value of securities issued by Bolivian companies or companies with Bolivian assets. These and other future developments in the Bolivian economy and governmental policies may adversely affect the Company.

Political and Economic Risks in Bolivia

The Pulacayo Project and certain other projects of the Company are located in Bolivia. Regardless of recent progress in restructuring its political institutions and revitalizing its economy, Bolivia's history since the mid-1960s has been one of political and economic instability under a variety of governments. Since 2006, the government has intervened in the national economy and social structure, including periodically imposing various controls, the effects of which have been to restrict the ability of both domestic and foreign companies to freely operate. Although the Company believes that the current conditions in Bolivia are relatively stable and conducive to conducting business, the Company's current and future mineral exploration and mining activities in Bolivia are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, political and labour unrest, civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens or purchase supplies from a particular jurisdiction.

There has been a significant level of social unrest in Bolivia in recent years resulting from a number of factors, including a high rate of unemployment. Protestors have previously targeted foreign firms in the mining sector, and as a result there is no assurance that future social unrest will not have an adverse impact on the Company's operations. The Company's exploration and development activities may be affected by changes in government, political instability, and the nature of various government regulations relating to the mining industry. Bolivia's fiscal regime has historically been favourable to the mining industry, but there is a risk that this could change. In addition, labour in Bolivia is customarily unionized and there are risks that labour unrest or wage agreements may impact operations. The Company cannot predict the government's positions on foreign investment, mining concessions, land tenure, environmental regulation, or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets, and operations in Bolivia. Any changes in regulations or shifts in political conditions are beyond the control of the Company. The Company's operations in Bolivia entail significant governmental, economic, social, medical, and other risk factors common to all developing countries. The status of Bolivia as a developing country may also make it more difficult for the Company to obtain any required financing because of the investment risks associated with it. The level of social unrest in Bolivia has increased significantly following the failed general elections held on October 20, 2019.

The Company's operations in Bolivia may be adversely affected by economic uncertainty characteristic of developing countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, and safety factors. Any such changes could have a material adverse effect on the Company's operations.

Currency fluctuation may affect our operations and financial stability.

We transact business in a number of currencies including Canadian, U.S., Bolivian and Mongolian currencies. Fluctuations in exchange rates may have a significant effect on our cash flows. Future changes in exchange rates could materially affect our results in either a positive or negative direction. We do not currently engage in foreign currency hedging activities.

We are subject to anti-corruption, anti-bribery and anti-money laundering laws and regulations in Canada and the United States, among other countries. Any violations of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.

We are subject to anti-corruption legislation including the *Corruption of Foreign Public Officials Act* (Canada) and other similar acts (which we refer to collectively as "Anti-Corruption Legislation"), which prohibit us or any of our officers, directors, employees or agents or any of our stockholders acting on our behalf from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an office capacity. Anti-Corruption Legislation also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. Our international activities create the risk of unauthorized payments or offers of payments by our employees, consultants or agents, even though they may not always be subject to our control. We have policies and procedures in place that strictly prohibit these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants and agents may engage in conduct for which we may be held responsible. Any failure by us to adopt appropriate compliance procedures and to ensure that our employees and agents comply with Anti-Corruption Legislation and other applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on our ability to conduct our business, which may have a material adverse impact on us or our share price.

Our results and financial condition are affected by global and local market conditions that we do not control and cannot predict.

Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact our ability to obtain debt or equity financing in the future on terms favorable to us and our ability to attain strategic partnerships or enter into joint venture arrangements which may further negatively impact the timeline for commencement of commercial production. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such volatility and market turmoil continue, our business and financial condition could be adversely impacted.

Our insurance will not cover all the potential risks associated with a mining company's operations.

Our insurance will not cover all the potential risks associated with a mining company's operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. We may also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

We have never paid any dividends and we are unlikely to do so in the foreseeable future.

To date, we have never paid any dividends on our outstanding Common Shares and we are unlikely to do so in the foreseeable future. Any decision to pay dividends on our Common Shares will be made by our Corporate Governance and Compensation Committee on the basis of our earnings, financial requirements and other conditions.

We engage in extensive related party transactions, which may result in conflicts of interest involving our management.

We have engaged in the past, and continue to engage, in extensive related party transactions involving certain of our management. See the discussion under the heading *Item 7.B. "Related Party Transactions"* for further detail. Such related party transactions could cause us to become materially dependent on the related parties in the ongoing conduct of our business, and related parties may be motivated by personal interests to pursue courses of action that are not necessarily in the best interests of the Company and our stockholders. Related party transactions often present conflicts of interest could result in disadvantages to the Company, and may impair investor confidence, all of which could materially and adversely affect us.

We rely on information technology systems and networks in our operations which are provided and maintained by third-party contractors.

We rely on information technology ("IT") systems and networks in our operations which are provided and maintained by third-party contractors. The availability, capacity, reliability and security of these IT systems could be subject to network disruptions caused by a variety of malicious sources, including computer viruses, security breaches, cyber-attacks and theft, as well as network and/or hardware disruptions resulting from unexpected failures such as human error, software or hardware defects, natural disasters, fire, flood or power loss. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

The ability of the IT function to support our business in the event of any such failure and the ability to recover key systems from unexpected interruptions cannot be fully tested. There is a risk that if such an event were to occur, our response may not be adequate to immediately address all of the potential repercussions of the incident. In the event of a disaster affecting our head office, key systems may be unavailable for a number of days, leading to inability to perform some business processes in a timely manner. The failure of our IT systems or a component thereof could, depending on the nature, materially impact our financial condition, results of operations, reputation and share price.

Unauthorized access to our IT systems as a result of cyber-attacks could lead to exposure, corruption or loss of confidential information, and disruption to our communications, operations, business activities or our competitive position. Further, disruption of critical IT services, or breaches of information security, could expose us to financial losses and regulatory or legal action. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber-security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

We apply technical and process controls in line with industry-accepted standards to protect information, assets and systems. Although these measures are robust, they cannot possibly prevent all types of cyber-threat. There is no assurance that we will not suffer losses associated with cyber-security breaches in the future, and we may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities. As cyber-threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

As a foreign private issuer, we are permitted to file less information with the SEC than a company that is not a foreign private issuer or that files as a domestic issuer.

As a "foreign private issuer," we are exempt from certain rules under the Exchange Act that impose disclosure requirements as well as procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as a company that files as a domestic issuer whose securities are registered under the Exchange Act, nor are we generally required to comply with the SEC's Regulation FD, which restricts the selective disclosure of material non-public information. For as long as we are a foreign private issuer we intend to file our annual financial statements on Form 20-F and furnish our quarterly financial statements on Form 6-K to the SEC for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act. However, the information we file or furnish will not be the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for U.S. domestic issuers. Accordingly, there may be less information publicly available concerning us than there is for a company that files as a domestic issuer.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur additional legal, accounting and other expenses.

We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We will lose our current status as a foreign private issuer if (1) a majority of our Common Shares are directly or indirectly held of record by residents of the United States; and (2) either (a) a majority of our executive officers or directors are U.S. citizens or residents, or (b) more than 50 percent of our assets are located in the United States, or (c) our business is administered principally in the United States. If we lose this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC rules. Further, we would be required to comply with United States generally accepted accounting principles, as opposed to IFRS, in the preparation and issuance of our financial statements for historical and current periods. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs.

As a Canadian incorporated and domiciled company, our financial statements are prepared using IFRS accounting principles which are different than the accounting principles under U.S. Generally Accepted Accounting Principles.

Our financial statements have been prepared in accordance with IFRS. IFRS is an internationally recognized body of accounting principles that are used by many companies outside of the United States to prepare their financial statements. IFRS accounting principles are different from those of U.S. GAAP. Investors who are not familiar with IFRS may misunderstand certain information presented in our financial statements. Accordingly, we suggest that readers of our financial statements familiarize themselves with the provisions of IFRS accounting principles in order to better understand the differences between these two sets of principles.

Because we are a Canadian company and the majority of our directors and officers are resident in Canada or countries other than the United States, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the federal securities laws of the United States.

We are governed by the corporate legislation of British Columbia, where we amalgamated, and our principal place of business is in Canada. Our auditors and a majority of our directors and officers are residents of Canada or countries other than the United States. All or a substantial portion of our assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon us or our directors, officers and auditors who are not residents of the United States or to realize in the United States upon judgments of U.S. courts predicated upon civil liabilities under the Securities Act (as defined below). Investors should not assume that Canadian or other foreign courts: (1) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability

provisions of the U.S. federal securities laws or the securities or “blue sky” laws of any state within the United States or (2) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue-sky laws.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies may make our securities less attractive to investors and, as a result, adversely affect the price of our securities and result in a less active trading market for our securities.

We are an emerging growth company as defined in Rule 12b-2 under the Exchange Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. For example, we have elected to rely on an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act relating to internal control over financial reporting, and we will not provide such an attestation from our auditors.

We may avail ourselves of these disclosure exemptions until we are no longer an emerging growth company. We cannot predict whether investors will find our securities less attractive because of our reliance on some or all of these exemptions. If investors find our securities less attractive, it may adversely impact the price of our securities and there may be a less active trading market for our securities.

We will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of \$1,070,000,000 or more;
- the last day of our fiscal year following the fifth anniversary of the completion of our first sale of common equity securities pursuant to an effective registration statement under the United States Securities Act of 1933, as amended (the “Securities Act”);
- the date on which we have, during the previous three-year period, issued more than \$1,000,000,000 in non-convertible debt; or
- the date on which we are deemed to be a “large accelerated filer”, as defined in Rule 12b-2 of the Exchange Act, which would occur if the market value of our Common Shares that are held by non-affiliates exceeds \$700,000,000 as of the last day of our most recently-completed second fiscal quarter.

The Company’s Passive Foreign Investment Company status has possible adverse tax consequences for U.S. investors.

Because the Company is an exploration stage company and its only material revenues consist of passive investment income on its cash investments, U.S. holders of Common Shares should be aware that the Company believes it was classified as a passive foreign investment company (“PFIC”) during its most recently completed tax year, and based on current business plans and financial expectations, the Company anticipates that it should be a PFIC for the current tax year and may be a PFIC in future tax years. If the Company is a PFIC for any year during a U.S. shareholder’s holding period of the Common Shares, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of Common Shares, or any “excess distribution” received on its Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distribution. In certain circumstances, the sum of the tax and the interest charge may exceed the total amount of proceeds realized on the disposition, or the amount of excess distribution received, by the U.S. shareholder. Subject to certain limitations, these tax consequences may be mitigated if a U.S. shareholder makes a timely and effective QEF Election (as defined below) or a Mark-to-Market Election (as defined below). Subject to certain limitations, such elections may be made with respect to the Common Shares.

A U.S. shareholder who makes a timely and effective QEF Election generally must report on a current basis its share of the Company’s net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. However, U.S. shareholders should be aware that there can be no assurance that the Company will satisfy the record keeping requirements that apply to a qualified electing fund, or that the Company will supply U.S. shareholders with information that such U.S. shareholders require to report under the QEF Election rules, in the event that the Company is a PFIC and a U.S. shareholder wishes to make a QEF Election. Thus, U.S. shareholders may not be able to make a QEF Election with respect to their Common Shares. A U.S. shareholder who makes a Mark-to-Market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the shareholder’s adjusted tax basis therein. This paragraph is qualified in its entirety by the discussion below under the heading “Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules.” Each U.S. shareholder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Silver Elephant Mining Corp. (formerly Prophecy Development Corp.) is an exploration stage company with projects in the United States, Canada, Bolivia and Mongolia. The Company, in its current form, is primarily the product of an April 16, 2010 business combination between Red Hill Energy Inc. and Prophecy Resource Corp. The Company is currently governed under the laws of the Province of British Columbia pursuant to the *Business Corporations Act* (British Columbia). (the “**BCBCA**”)

Red Hill Energy Inc. was incorporated on November 6, 1978 under the Corporations Act (British Columbia) under the name “Banbury Gold Mines Ltd.” Banbury changed its name to “Enerwaste Minerals Corp.” on July 3, 1992 and to “Universal Gun-Loc Industries Ltd.” on December 17, 1993. On April 24, 2002, Universal Gun-Loc changed its name to “UGL Enterprises Ltd.” and then to “Red Hill Energy Inc.” on May 29, 2006.

On April 16, 2010, Red Hill Energy Inc. changed its name to “Prophecy Resource Corp.” in conjunction with the merger of Red Hill Energy Inc. and Prophecy Resource Corp.

On June 13, 2011, the Prophecy Resource Corp. changed its name to “Prophecy Coal Corp.” in connection with its amalgamation with Northern Platinum Ltd. and Prophecy Holdings Inc. and an asset spin-off to capitalize the Company’s then-controlled affiliate, Wellgreen Platinum Ltd.

On January 5, 2015, Prophecy Coal Corp. changed its name to “Prophecy Development Corp.” in connection with an acquisition of assets located in Bolivia and to better reflect its various interests in its mining and energy projects at the time in the United States, Canada, Bolivia and Mongolia.

The Company’s registered and head business office is located at Suite 1610 - 409 Granville Street Vancouver, British Columbia Canada, V6C 1T2.

THREE YEAR HISTORY

On February 14, 2019, the Company announced that it had retained Amec Foster Wheeler E&C Services Inc. (Wood) to undertake updating of the mineral resource and mining section for the Company’s upcoming feasibility study to be completed to the standards of NI 43-101 of its Gibellini Project.

On March 18, 2019, the Company announced that the Ulaan Ovoo Property had started up. The Company also reported that it had executed a lease agreement with an arms-length private Mongolian company (the “**Mongolian Lessee**”) whereby the Mongolian Lessee performs mining operations at the Company’s Ulaan Ovoo Property and will pay the Company \$2 for every tonne of coal shipped from the Ulaan Ovoo site premises. The Mongolian Lessee is responsible for all capital and operating expenses, government taxes and royalties related to Ulaan Ovoo operation.

On March 26, 2019, the Company announced its vanadium assay results from its fall 2018 exploration reconnaissance program on the Gibellini Project. There were 155 assays taken from three prospective exploration areas which all were within 5 km to the existing Gibellini Project vanadium NI 43-101 compliant resource pit.

On May 1, 2019, the Company announced that it had received guidance regarding expected permitting timelines following the Company meeting with regulators in late April 2019. The Company estimated Q1 2020 as the target date for publication of the Notice of Intent (“**NOI**”) to prepare an Environment Impact Statement (“**EIS**”) in the Federal Register. Upon publication of the NOI the review process is mandated to be completed within a 12-month period under the US Department of the Interior’s Secretarial Order No. 3355.

On May 27, 2019, the Company announced that its Annual General Meeting (“**AGM**”) had been scheduled for September 12, 2019. Due to some recent changes in the Company’s Management, the AGM was delayed from being held within six months of its year end. TSX approval had been obtained to delay the Company’s AGM to September 12, 2019.

On June 19, 2019, the Company announced the appointment of a third party National Environmental Policy Act (“**NEPA**”) contractor and SWCA Environmental Consultants (“**SWCA**”) to work under the direction of the BLM per the provisions of a Memorandum of Understanding between SWCA, BLM and the Company, to prepare the EIS for the and assist the BLM in the maintenance of the administrative record. The EIS was prepared pursuant to Secretarial Order 3355 in the Federal Register to BLM.

On July 8, 2019, the Company announced that it had submitted its updated Plan of Operations (the “**POO**”) through the Company’s U.S. subsidiary for the Gibellini Project to the BLM and the Reclamation Permit Application to the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (the “**BMRR**”). The POO was submitted on schedule and prepared under budget. The POO submission is the last major step before the publication of the NOI which will initiate the EIS process under the Secretary of Interior Order No. 3355 (Streamlining National Environmental Policy Reviews and Implementation of Executive Order 13807; see Company’s news release dated March 28, 2018 filed on SEDAR). The streamlined EIS process from NOI to the ROD is one year.

On July 19, 2019, the Company announced its objectives for the second half of 2019 for its Gibellini Project. The Company submitted the key Nevada state permit applications required for project construction by the end of the third quarter of 2019. It is anticipated that all approvals will be received by the third quarter of 2021.

On July 29, 2019, the Company granted an aggregate of 168,500 incentive stock options to its directors, officer and employees of the Company. The options are exercisable at a price of \$2 per share for a term of five years expiring on November 1, 2024 and vest at 12.5% per quarter for the first two years following the date of grant.

On August 19, 2019, the Company announced the formation of two wholly owned Canadian BC subsidiaries: Silver Elephant Mining Corp. (which subsequently changed its name to “**Illumina Silver Mining Corp.**”) and Asia Mining Inc. in order to facilitate potential future spinoffs of the Company’s wholly owned Bolivian silver operation and Mongolian coal operation.

On August 26, 2019, the Company announced that it was undertaking a non-brokered private placement involving the issuance of 13 million Common Shares at a price of \$2 per share to raise aggregate gross proceeds of \$2,600,000 (the “**August 2019 Placement**”). The Company’s management and directors subscribed to 200,000 Common Shares in the August 2019 Placement. These Common Shares were subject, under applicable Canadian securities laws, to a minimum hold period of four months plus one day from the date of issue.

On September 6, 2019, the Company closed the August 2019 Placement. The Placement raised gross cash proceeds of \$2,600,000 through the issuance of 1,300,000 Common Shares at a price of \$2 per share. The Company paid \$10,000 in cash and issued 52,500 Common Shares as finder’s fees. Proceeds of the August 2019 Placement were used to develop the Company’s mineral projects and for general working capital purposes.

On September 24, 2019, the Company announced the successful completion of its internal reorganization. The Company further announced, subject to approval by the TSX, that it would issue 17,500 Common Shares, with a four-month hold period under applicable Canadian securities laws, to Mr. Bryan Slusarchuk in exchange for consulting services to the Company.

On September 30, 2019, the Company announced a 5,000-meter diamond drilling at its Pulacayo Project had started with first set of assay results expected in early November, 2019.

On October 3, 2019, the Pulacayo Mining Production Contract (“**Pulacayo MPC**”) was executed between the Company and the Corporación Minera de Bolivia (“**COMIBOL**”), a branch of the Bolivian Ministry of Mining and Metallurgy. Notification of the final government resolution approving the Pulacayo MPC was received on September 27, 2019. The Pulacayo MPC granted the Company the 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years, which is comparable to a mining license in Canada or the United States. The Company’s Bolivian subsidiaries had spent \$25 million on Pulacayo and Paca as of October 3, 2019 with over 80,000 meters of drilling, with a completed historic independent feasibility study, and an approved detailed environment impact assessment.

On October 7, 2019, the Company announced that it was undertaking a non-brokered private placement involving the issuance of 1 million Common Shares at a price of \$4 per share (the “**October 2019 Placement**”) to raise aggregate gross proceeds of \$4,000,000.

On October 9, 2019, the Company issued 10,495 Common Shares at a value of \$43,060 to its directors to settle outstanding director fees.

On October 21, 2019, the Company announced that it had closed the October 2019 Placement. The October 2019 Placement raised gross cash proceeds of \$3,900,000 for Company through the issuance of 975,000 Common Shares at a price of \$4 per share. Mr. Eric Sprott, through 2176423 Ontario Ltd., a corporation that is beneficially owned by him, acquired 500,000 Common Shares under the October 2019 Placement for a total consideration of \$2,000,000. Following the completion of the private placement, Mr. Sprott’s holdings represented 9% of the issued and outstanding Common Shares at the time of the October 2019 Placement. The Company’s management and directors purchased 0.04 million Common Shares for proceeds of \$160,000. The Company issued 65,450 Common Shares as finder’s fees to Mackie Research Capital Corp. All Common Shares issued in the October 2019 Placement were subject to a four month and one day hold period under applicable Canadian securities laws. Proceeds were used for the Company’s mineral project exploration and for general working capital purposes.

On October 28, 2019, the Company announced the diamond drilling results from the Company’s 100% controlled Paca silver project in the Potosi department of Bolivia.

On November 1, 2019, the Company granted an aggregate of 168,000 incentive stock options to its directors, officer and employees of the Company. The options are exercisable at a price of \$4.40 per share for a term of five years expiring on November 1, 2024 and vest at 12.5% per quarter for the first two years following the date of grant.

On November 7, 2019, the Company announced that it had submitted, through its then wholly owned US subsidiary Nevada Vanadium, LLC (“**Nevada Vanadium**”), the applications and Engineering Design Reports for the primary mining permits that govern project construction, operations and closure for its Gibellini Project located in Eureka County, Nevada, U.S., to BLM and the Gibellini Project EIS contractor, SWCA. The permit applications were submitted on October 31, 2019 for the Water Pollution Control Permit and the Class II Air Quality Permit. These Nevada state permits have been developed to provide construction level engineering that supports the mine plan previously submitted to the BLM in the POO. Comments received from both the BLM and SWCA were used as guidance in the engineering design to ensure the State and Federal Permits are aligned and reflect the most current guidance provided by the Company, NDEP and BLM.

On December 4, 2019, the Company announced that it had received on November 18, 2019, the 18-page Resolution No. 195/2018 issued by the Supreme Court of Bolivia (the “**2019 Resolution**”), signed by all of its nine judges. It declared that the contentious tax claim of US\$6,556,787 (US\$816,769.54 income tax on alleged 2003 profits and US\$5,740,017.81 in interests and penalties) brought by Bolivia’s General Revenue Authority against the Company’s Bolivian subsidiary was not proven. The 2019 Resolution is final and binding. Hence neither the Company nor the Company’s Bolivian subsidiaries owe any outstanding back taxes to the Bolivian General Revenue Authority.

On December 18, 2019, the Company announced that the phase two drilling had commenced at the Pulacayo Project. It is a 5,000-meter program that will consist mainly of wide step-out drilling up to 1.5km west of the current 43-101 Pulacayo resource. That current Pulacayo resource covers 1.4 km in strike and represents only a small portion of the Tajo vein system (the “**TVS**”) which is over 3 km in strike and open to least 1,000 meters at depth, according to historical records of underground mining.

During the year ended December 31, 2019, the Company experienced various changes in Directors, Officers and Management of the Company as follows:

- Gerald Panneton ceased to be the President, Chief Executive Officer and a Director on February 15, 2019;
- John Lee ceased to act as Head of International Affairs on February 15, 2019;
- Tony Wong ceased to act as Corporate Secretary on February 22, 2019;
- Louis Dionne ceased to be a Director on February 28, 2019;
- Rocio Echegaray was appointed Corporate Secretary on March 8, 2019;
- Michael Doolin was appointed Chief Operating Officer and Interim Chief Executive Officer on April 1, 2019;
- John Lee ceased to act as Interim President and Chief Executive Officer on April 1, 2019;
- Bekzod Kasimov ceased to act as Vice-President Business Development on July 1, 2019;
- Marc Leduc was appointed as a Director on July 22, 2019;
- Joaquin Merino-Marquez was appointed as Vice-President, South American Operation on November 1, 2019;
- Ronald Clayton was appointed as a Director on November 4, 2019;
- Michael Drozd ceased to act as Vice-President, Operations on November 7, 2019;
- Rocio Echegaray ceased to act as Corporate Secretary on November 15, 2019; and

- Brigitte McArthur was appointed Corporate Secretary on November 15, 2019.

Financial Year ended December 31, 2020

On January 8, 2020, the Company announced the following:

- a special meeting of the shareholders to be held on March 16, 2020, to seek shareholder approval the following:
 - a. changing the name of the Company from “Prophecy Development Corp.” to “Silver Elephant Mining Corp.” (the “Name Change”);
 - b. consolidation of the issued and outstanding Common Shares at a ratio between one (1) new Common Share for every five (5) to ten (10) issued and outstanding Common Shares (the “2020 Consolidation”); and
 - c. ratification of 127,500 stock options previously granted to certain directors, officers, employees and consultants of the Company on July 29, 2019 pursuant to the terms of the Company’s 20% fixed share-based compensation plan, as amended (the “Share-Based Compensation Plan”).
- the engagement of Ken Cotiamco to provide investor relations and shareholder communications services effective January 6, 2020. The Company further announced that Ken Cotiamco entered into a consulting agreement whereby Ken Cotiamco would receive from the Company remuneration of \$4,000 per month for a term of three months, which could be extended and also pursuant to the consulting agreement the Company granted 10,000 incentive stock options at a price of \$4.10 per share for a term of five years expiring on January 6, 2025;
- pursuant to the Share-Based Compensation Plan, the issuance of an aggregate of 160,100 Common Shares (subject to a minimum hold period of four months plus one date from the date of issuance, under applicable Canadian securities laws) as 2019 bonus payments to certain directors, officers, employees and consultants of the Company;
- that further to the Company’s news release dated December 18, 2019, the Company had completed the first of 3 holes of the planned 17 drill holes at the Pulacayo Project; and
- the Company had mobilized a second drilling rig to the Pulacayo Project and expects to complete the proposed 5,000 meter drill program in February 2020, with full assay results by March 2020.

On January 21, 2020, the Company provided its first step-out diamond drilling results from its 100%-controlled Pulacayo Project.

On March 6, 2020, the Company provided its 2,598-meter, 16-hole Pulacayo step out drill program from its 100%-controlled Pulacayo Project.

On March 9, 2020, the Company commenced its district exploration program at its Pulacayo Project.

On March 16, 2020, the Company held the special meeting of the shareholders where it received shareholder approval of the Name Change and the 2020 Consolidation and ratification of the 127,500 stock options granted under the Share-Based Compensation Plan.

On March 16, 2020, the Company amended its articles of incorporation and changed its name to "Silver Elephant Mining Corp."

On March 19, 2020, the Company changed its symbol on the TSX from PCY to “ELEF”.

On March 23, 2020, the Company changed its symbol on the OTCQX from PRPCF to “SILEF”.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

The Company has implemented preventative measures across its offices and operations in order to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. All of the Company’s corporate offices have been closed and remote work implemented for all employees able to do so. Other measures being put into place at the Company’s operations include:

- Reducing or eliminating in person meetings and other large gatherings;
- Enhanced cleaning and disinfecting protocols, including frequent disinfecting of employee work areas;
- Promoting personal preventative measures, such as frequent handwashing;
- Screening all contractors and external visitors to site for risk factors and symptoms;
- Increasing social distancing practices at site, such as cancelling large group meetings and changing meetings from in-person to virtual;
- Requiring employees who show symptoms or are in close contact with someone with symptoms to stay home from work;
- Requiring employees returning from travel outside of Canada to self-isolate; and
- Reducing the number of on-site staff as much as possible and implementing work from home where feasible.

On April 15, 2020, the Company announced a non-brokered private placement (the “April 2020 Placement”) involving the issuance of up to 1.4 million units (each a “Unit”) at a price of \$1.30 per Unit. Each Unit consisted of one Common Share and one common share purchase warrant, each entitling the holder to acquire an additional Common Share at a price of \$1.60 per share for a period of three years from the date of issuance.

On May 1, 2020, the Company closed the first tranche of the April 2020 Placement. The first tranche raised gross proceeds of \$1,330,940 through the issuance of 1,023,800 Units.

On May 4, 2020, the Company granted an aggregate of 300,000 incentive stock options to certain directors, officers, employees and consultants of the Company. These options are exercisable at a price of \$2.20 per share for a term of five years expiring on May 4, 2025, and vest at 12.5% per quarter for the first two years following the date of grant.

On May 20, 2020, the Company closed the second and final tranche of the April 2020 Placement for \$1,976,000 through the issuance of 1,520,000 Units. The Company paid \$3,250 in cash and issued 15,690 Units as finder’s fee.

On July 7, 2020, the Company reported that all proposed resolutions put forth to the shareholders were approved at the Company’s Annual General and Special Meeting held on July 7, 2020. The Company had previously received conditional approval from the TSX to amend the exercise price of an aggregate of 2,431,892 previously issued common share purchase warrants with an exercise price from between \$4 to \$7 (the “Original Warrants”) of the Company to an exercise price of \$2.60 per share (the “Amendment”) pending shareholder approval of the Amendment. Pursuant to the passing of the ordinary resolution approving the Amendment, the Original Warrants were cancelled and replaced with amended common share purchase warrants with an exercise price of \$2.60 per share (the “Amended Warrants”), with the Amendment becoming effective as of July 17, 2020. All other terms of the Amended Warrants were unchanged from the Original Warrants.

On July 13, 2020, the Company announced that it had entered into a binding sales and purchase agreement (the “Triunfo SPA”) with a private party to acquire the El Triunfo Gold-Silver-Lead-Zinc Project in La Paz District, Bolivia (the “Triunfo Project”). Subject to the provisions of the Triunfo SPA, the vendor agreed to sell, assign, and transfer to the Company, and the Company agreed to purchase from the vendor, the mining rights of the Triunfo Project upon the Company paying the vendor the sum of US\$1,100,000, consisting of US\$100,000 paid on execution of the Triunfo SPA, and US\$1,000,000 to be paid on or before June 15, 2025.

On July 16, 2020, the Company announced that the NOI to prepare an EIS for the Gibellini Project was published on July 14, 2020, in the Federal Register. The NOI formally commenced the 12-month timeline to complete the NEPA review and the EIS preparation by the BLM.

On July 20, 2020, the Company announced it had engaged Mercator Geological Services Limited (“Mercator”) to prepare an updated NI 43-101 compliant technical report for the Pulacayo Project. The Company further announced the departure of Michael Doolin, the Company’s Chief Executive Officer and Chief Operating Officer. John Lee was subsequently appointed as Chief Executive Officer of the Company.

On August 3, 2020, the Company announced the appointment of David H. Smith as an Independent Director and the resignation of Ronald Clayton from the Company’s board of directors.

On August 11, 2020, the Company announced diamond infill drilling results from the Pulacayo Project which demonstrated broad continuity of mineralization and grade starting from near-surface, consistent with historic Hochschild mining records, which indicated high grade mineralization with increasing depth to more than 1,000 meters from surface.

On August 18, 2020, the Company granted an aggregate of 72,000 incentive stock options to a director, employee and consultant of the Company. The options are exercisable at a price of \$5 per share for a term of five years expiring on August 17, 2025, and vest at 12.5% per quarter for the first two years following the date of grant.

On August 24, 2020, the Company announced that its then wholly owned subsidiary, Nevada Vanadium, entered into a binding definitive Asset Purchase Agreement (the “Bisoni APA”) with CellCube Energy Storage Systems Inc. (“CellCube”) to acquire the Bisoni vanadium project (the “Bisoni Project”) situated immediately southwest of the Gibellini Project.

On August 19, 2020, the Company announced that it had received its first chip sampling results on the Triunfo Project. A total of 103 chip samples were collected from outcrops at surface and from underground adits and tunnels accessing the main east-west mineralized trend. The width of the samples varies from 1.0 to 5.3m, exhibiting an average width of 2.5m. 37 Triunfo samples assayed up to 8.3 g/t AuEq. These results confirmed the Triunfo Project exhibits near-surface Au-Ag-Pb-Zn mineralization.

On September 8, 2020, the Company announced that it had entered into a binding sales and purchase agreement (the “Sunawayo SPA”) with a private party to acquire the Sunawayo silver-lead mining project (the “Sunawayo Project”) located immediately adjacent to the Malku Khota silver project in Bolivia. Subject to the provisions of the Sunawayo SPA, the vendor of the Sunawayo Project agreed to irrevocably transfer the mining rights of the Sunawayo Project to the Company for consideration of US\$6,500,000, which payment consists of US\$300,000 paid on execution of the Sunawayo SPA, with the remaining US\$6,200,000 to be paid in cash over a one-year period in twelve equal monthly installments, starting March 1, 2021.

On September 18, 2020, the Company’s then wholly owned subsidiary, Nevada Vanadium Mining Corp. (“Nevada Vanadium”) completed the acquisition of the Bisoni Project pursuant to the Bisoni APA. The Bisoni Project is comprised of 201 lode mining claims, along a 13.8 kilometer strike that covers an area of 16.5 square kilometers (1,656 hectares), easily accessed by a graded gravel road extending south from US Highway 50, and is about 25 miles south of the town of Eureka, Nevada. As consideration for the acquisition of the Bisoni Project under the Bisoni APA, the Company issued 0.4 million Common Shares (the “Bisoni APA Shares”) and paid \$200,000 cash to CellCube. The Bisoni APA Shares were subject to a Canadian statutory four month hold period that expired on January 19, 2021. Additionally, subject to TSX approval, if, on or before December 31, 2023, the price of European vanadium pentoxide on the Metal Bulletin (or an equivalent publication) exceeds US\$12 a pound for 30 consecutive days, the Company will issue to CellCube additional Common Shares with a value of \$500,000, calculated based upon the 5-day volume weighted average price of the Common Shares immediately following the satisfaction of the vanadium pentoxide pricing condition.

On September 28, 2020, the Company announced that all of the initial forty-eight chip and grab samples collected from surface outcrops and adits at the Sunawayo Project returned anomalous Ag-Pb assayed values. Ten of the assayed samples contain either over 100g/t silver or 10% lead or both. The results exceeded the Company’s expectations and are an early indication of the potential for mineral discoveries at the Sunawayo Project. The Company is mobilizing to start geological and structural mapping to ascertain the primary controls and trends for mineralization at the Sunawayo Project. This work will lay the foundation for defining drill targets by year’s end.

On October 13, 2020, the Company announced the results of an NI 43-101 compliant mineral resource estimate for the Pulacayo Project prepared by Mercator. This mineral resource estimate has an effective date of October 13, 2020, and includes an indicated mineral resource of 106.7 million oz of silver, 1,384.7 million pounds of zinc, and 693.9 million pounds of lead, and an inferred mineral resource of 13.1 million oz of silver, 122.8 million pounds of zinc and 61.9 million pounds of lead.

On October 21, 2020, the Company announced that it had entered into an agreement with Mackie Research Capital Corporation, as lead underwriter and sole bookrunner (the “Lead Underwriter”), on behalf of a syndicate of underwriters, including Canaccord Genuity Corp. and Sprott Capital Partners LP (collectively with the Lead Underwriter, the “Underwriters”), pursuant to which the Underwriters agreed to purchase, on a bought-deal basis, 1,500,000 Common Shares at a price of \$4 per share for aggregate gross proceeds of \$6,000,000 (the “2020 Prospectus Offering”). The Company also granted the Underwriters an option (the “Over-Allotment Option”) to increase the size of the 2020 Prospectus Offering by up to 15%, at any time up to 30 days following the closing of the Offering. The Common Shares were offered by way of a short form prospectus filed in each province of Canada, other than Québec pursuant to National Instrument 44-101 – Short Form Prospectus Distributions.

On October 21, 2020, the Company announced that it had entered into an amended agreement with the Lead Underwriter to increase the size of the 2020 Prospectus Offering to 2,000,000 Common Shares at a price of \$4 per share for aggregate gross proceeds of \$8,000,000. All other terms of the 2020 Prospectus Offering remained unchanged.

On November 17, 2020, the Company filed an NI 43-101 compliant technical report titled “Mineral Resource Estimate Technical Report for the Pulacayo Project, Potosí Department, Antonio Quijarro Province, Bolivia”, prepared by Matthew Harrington, P. Geo, Michael Cullen, P. Geo, and Osvaldo Arcé, P. Geo, of Mercator, with an amended report date of November 12, 2020, and an effective date of October 13, 2020 (the “2020 Pulacayo Technical Report”), with Canadian securities regulatory authorities. The 2020 Pulacayo Technical Report is available under the Company’s SEDAR profile at www.sedar.com. On November 17, 2020, the Company also filed its final short form prospectus with the securities commissions in each of the provinces of Canada, other than Québec, in connection with the 2020 Prospectus Offering and on November 24, 2020, the Company announced the closing of the 2020 Prospectus Offering, pursuant to which the Company issued 2,300,000 Common Shares at a price of \$4 per share, for aggregate gross proceeds of \$9,200,000, including the full exercise of the Over-Allotment Option.

On November 25, 2020, the Company announced that it had received the complete assay results from the Company’s first diamond drill program at the Triunfo Project. Borehole TR007 intercepted 48.9 meters of mineralization grading 0.42 g/t gold, 35.5 g/t silver, 1.17% zinc, and 0.83% lead (1.45 g/t AuEq) within 98.9 meters of mineralization grading 1.04 g/t AgEq starting 13.0 meters downhole.

On November 30, 2020, the Company announced that it had received the complete assay results from the Company’s diamond drill program at the Paca silver-lead-zinc deposit (“Paca”) in Bolivia. Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range from 77% to 86% of the reported core length. PND 114, 115, 118 drilled tested oblique structures parallel to the main east-west trend and discovered new mineralized zones. PND 114 intersected 16.5 meters of mineralization grading 55g/t silver equivalent that is to the north of the Paca north zone. PND 115 intercepted 66 meters of mineralization grading 75g/t silver equivalent between Paca main zone and Paca north zone, which are 250 meters apart. PND 118 was drilled at the eastern edge of the Paca main zone and intersected 112 meters of mineralization grading 50 g/t silver equivalent.

During the year ended December 31, 2020, the Company experienced the following changes in Directors, Officers and Management:

- Michael Doolin ceased to act as Chief Executive Officer on July 17, 2020;
- John Lee was appointed Chief Executive Officer effective July 17, 2020;
- Ronald Clayton resigned as a Director on July 31, 2020; and

- David H. Smith was appointed as a Director on August 3, 2020.

Financial Year ended December 31, 2021

On February 5, 2021, the Company closed its non-brokered private placement (the “February 2021 Placement”) through the issuance of 1,000,000 Common Shares at a price of \$3.75 per Common Share. The February 2021 Placement raised gross cash proceeds of \$3,750,000. The Company paid \$73,875 in cash as finder’s fees.

On February 10, 2021, the Company acquired the Minago Project pursuant to an asset purchase agreement dated February 9, 2021 (the “Minago APA”) entered into between the Company and Victory Nickel Inc. (“VN”). Under the terms of the Minago APA, the Company acquired the Minago Project for aggregate consideration consisting of (a) a US\$6,675,000 (the “Property Payment”) credit against secured debt in the amount of US\$12,056,307 owed by Victory Nickel to the Company pursuant to a Secured Debt Facility (the “SDF”) acquired by the Company under an arm-length definitive debt purchase and assignment agreement (the “DPAA”), and (b) US\$5,000,000 in Common Shares (“Consideration Shares”) to be issued over a one-year period from the closing. In satisfaction of the Consideration Shares to be issued, an initial tranche of 536,363 Consideration Shares at a value of \$2,413,634 was issued on February 9, 2021. A further 1,008,150 Shares and 460,718 Shares tranches were issued on August 31, 2021 and December 30, 2021 respectively with a total value of \$3,818,003 to Victory Nickel. Immediately prior to acquiring the Minago Project, the Company acquired the SDF from an arm’s length party pursuant to the DPAA for US\$6,675,000 in cash and 0.3 million common share purchase warrants of the Company, each exercisable for the purchase of one Common Share until February 8, 2023, at an exercise price of \$4.764 per share (the “DPAA Warrants”). The SDF has been restructured to bear zero percent interest and to expire on February 8, 2026, which will automatically be extended in 5-year increments. Pursuant to the Minago APA, the Company further (a) agreed, in the event the price of nickel exceeds US\$10.00 per pound for 30 consecutive business days before December 31, 2023, to issue to Victory Nickel \$2,000,000 in Common Shares (the “Conditional Shares”), at a price per share equal to the volume weighted average price at which the Common Shares traded on the TSX for the five trading days preceding date on which Victory Nickel delivers notice of the condition being met to the Company, (b) agreed to purchase from Victory Nickel, at closing of the Minago APA 40,000,000 Common Shares of Victory Nickel (each, a “VN Share”) at a price per share of \$0.025, for aggregate consideration of \$1,000,000, (c) agreed to further credit the remaining balance under the SDF to Victory Nickel’s benefit, upon the completion of an independent economic study proving positive net present value in respect of the Minago Project, (d) granted Victory Nickel a right of first refusal until December 31, 2023 to exploit sandstone (non-nickel bearing sulphides) resources for frac sand extraction at the Minago Project, and (e) agreed to reimburse up to \$200,000 of financial advisory services rendered by Red Cloud Securities Inc. The investment in the VN Shares resulted in the Company owning approximately 29% of Victory Nickel on a non-diluted basis, as of the date of acquisition.

On July 7, 2021, the Company announced an update regarding the updated Environmental Act License for the Minago Project which is expected to be issued by the end of 2021 and the Company’s initiatives to minimize the carbon footprint of potential mining operations at Minago.

On July 19, 2021, the Company announced the appointment of Peter Lightfoot as a Technical Advisor for the Minago Project.

On August 26, 2021, the Company announced that it had executed an arrangement agreement pursuant to which the Company will complete a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “Arrangement”) pursuant to which, it shall (i) consolidate its outstanding common shares on the basis of ten pre-consolidation common shares for each one post consolidation common shares (the “Consolidation”); (ii) transfer certain royalties presently held by the Company in certain projects of the Company to Battery Metals Royalties Corp. (“Battery Metals Royalties”), a wholly owned subsidiary of the Company; and (iii) spin-out its Manitoba based Minago Nickel project (“Minago”), its Nevada based Gibellini Vanadium project (“Gibellini”), and Battery Metals Royalties each into its own entity (each a “SpinCo”). In connection with the Arrangement, the Company shall distribute shares of each SpinCo to the Company’s shareholders (“Shareholders”).

On August 26, 2021, the Company announced that it has entered into 2% royalty agreements whereby the Company now holds a 2% royalty over each of the Company’s key projects (the “Royalties”), and, in connection with the announced spin-out and the plan of arrangement, such Royalties will be transferred into Battery Metals.

On September 13, 2021, the Company reported that all proposed resolutions were approved at the Company’s Annual General and Special Meeting of shareholders held on September 10, 2021.

On September 27, 2021, the Company appointed Robert Van Drunen as the Company’s Chief Operating Officer.

On November 15, 2021, the Company closed its non-brokered private placement (the “November 2021 Placement”) offering of 1,700,000 Shares at a price per Share of \$ 2.20 for aggregate gross proceeds of \$3,740,000. In connection with the November 2021 Placement, the Company paid \$84,492 in cash and issued 35,405 Share purchase warrants (“Finder’s Warrants”) to certain finders as finder’s fees. Each Finder’s Warrant is exercisable to acquire one Share at a price of \$2.60 until September 22, 2022 (21,305 Finder’s Warrants) and October 21, 2022 (14,100 Finder’s Warrants).

On November 30, 2021, Flying Nickel Mining Corp. (“Flying Nickel”), which at that time was the Company’s wholly owned subsidiary, closed a Private Placement for gross proceeds of \$8,600,000 (the “Flying Nickel Offering”). Pursuant to the Flying Nickel Offering, Flying Nickel sold 10,094,033 subscription receipts (each, a “Non-FT Subscription Receipt”) at a price of \$0.70 per Non-FT Subscription Receipt and 1,992,437 flow-through eligible subscription receipts (each, a “FT Subscription Receipt”, and collectively with the Non-FT Subscription Receipts, the “Offered Securities”) at a price of \$0.77 per FT Subscription Receipt. Red Cloud Securities Inc. (“Red Cloud”), as lead agent and sole bookrunner, together with Canaccord Genuity Corp., acted as agents (the “Agents”) under the Flying Nickel Offering. Each Unit consists of one common share of Flying Nickel (each a “Unit Share”) and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). Each whole Warrant shall entitle the holder to purchase one common share of Flying Nickel (each, a “Warrant Share”) at a price of \$1.00 at any time on or before November 29, 2023.

On December 15, 2021, the Company appointed the following officers for Flying Nickel Mining Corp.: Danniell Oosterman, Chief Executive Officer, Robert Van Drunen, Chief Operating Officer, Samuel Yik, Chief Financial Officer, Ryan Coombes, Chief Legal Officer, Flora Lo, Corporate Secretary.

On December 22, 2021, the Company received shareholder approval of the Arrangement.

On December 31, 2021, gross proceeds of \$1,534,176 were released from escrow to Flying Nickel upon converting an aggregate of 1,992,437 flow-through subscription receipts of Flying Nickel into 1,992,437 flow-through common shares of Flying Nickel at a price of \$0.77 per share (the “Conversion”), pursuant to the subscription receipt agreement between Flying Nickel, Computershare Trust Company of Canada and Red Cloud Securities Inc.

Events Subsequent to the Financial Year ended December 31, 2021

On January 12, 2022, the Company received final approval of the BC Supreme Court of the Arrangement.

On January 14, 2022, the Company completed a strategic reorganization of Silver Elephant Mining Corp. business through a statutory plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (British Columbia), dated November 8, 2021. Pursuant to the Arrangement, the common shares of the Company were consolidated on a 10:1 basis pursuant to the Consolidation and each holder of common shares of the Company received in exchange for every 10 pre-Consolidation common shares held: (i) one post-Consolidation common share of the Company; (ii) one common share of Flying Nickel; (iii) one common share of Nevada Vanadium; and (iv) two common shares of Battery Metals.

Effective January 14, 2022, each company commenced its corresponding core business with the following: (1) Silver Elephant, holding a 100% interest in the Pulacayo silver and El Triunfo gold-silver projects in Bolivia, and 31,730,110 shares of Battery Metals’ (representing 39.7%) as a long-term investment; (2) Flying Nickel, holding a 100% interest in the Minago nickel project in the Thompson nickel belt in Manitoba; (3) Nevada Vanadium, holding a 100% interest in the Gibellini vanadium project in Nevada; and (4) Battery Metals, holding a 2% royalty in each of the assets referenced above, and 22,953,991 shares of Flying Nickel (representing 39.7%) and 22,953,991 shares of Nevada Vanadium (representing 45.9%) as long-term investments.

On January 18, 2022, post-Arrangement and post-Consolidation Common Shares trading on TSX commenced on January 18, 2022.

On January 19, 2022, the Company announced it had commenced an exploration drilling program at the Paca deposit of the Pulacayo Project.

On January 25, 2022, the Company announced that it had commenced a 1,500-meter drilling program at the Triunfo Project. The program will probe several prospective induced polarisation (“IP”) geophysical anomalies detected in late 2021.

On March 16, 2022, pursuant to the Company’s equity incentive plan dated September 1, 2021, the Company issued 187,049 bonus shares to the company’s directors, officers, employees, and consultants.

On May 2, 2022, the Company filed an S-K 1300 compliant technical report titled "S-K 1300 Technical Report Summary for the Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia", prepared by Matthew Harrington, P. Geo, Michael Cullen, P. Geo, and Osvaldo Arcé, P. Geo, of Mercator, with an effective date of April 29, 2022 (the “2022 Pulacayo Technical Report”), with Canadian securities regulatory authorities. The 2022 Pulacayo Technical Report is available under the Company’s SEDAR profile at www.sedar.com. The Company has not made any capital divestitures during the past three fiscal years.

Currently, we do not have operating revenues, and we do not anticipate generating operating revenues during the fiscal year 2021. Our primary source of funds since inception has been through the issuance of equity securities. As of December 31, 2021, the Company had cash of \$0.6 million (2020 –\$7.6 million; 2019 –\$3 million) representing a decrease of \$7 million from \$7.6 million held at December 31, 2020. The Company’s working capital, excluding assets and liabilities held for sale, at December 31, 2021 was a deficit of \$1.7 million (2020 - surplus of \$6 million; 2019 - surplus of \$0.95 million) including working capital associated with assets held for spin-out of \$55 million. We will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at: <http://www.sec.gov>.

B. Business Overview

The Company is a mineral exploration stage company. The Company’s principal projects are the Pulacayo Project located in Bolivia.

The Pulacayo Project comprises seven mining areas covering an area of approximately 3,560 hectares of contiguous areas centered on the historical Pulacayo mine and town site. The Pulacayo Project is located 18 km east of the town of Uyuni in the Department of Potosí, in southwestern Bolivia. It is located 460 km south-southeast of the national capital of La Paz and 150 km southwest of the City of Potosí, which is the administrative capital of the department. The Pulacayo Project is fully permitted with secured social licenses for mining.

The Pulacayo Project mining rights are recognized by two legally independent contractual arrangements, one covering all, except Apuradita from the Pulacayo MPC between the Company and COMIBOL, a Bolivian state mining company, and the original holder of the rights, executed on October 3, 2019. The Pulacayo MPC grants the Company the 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years against certain royalty payments. It is comparable to a mining license in Canada or the United States. In connection with Apuradita, its rights are covered by a second contractual arrangement, with the Bolivian Jurisdictional Mining Authority, acting for the State, which is in process of formalization, as a mean of recognition of the acquired rights to what was originally the mining concession. Until such time as the contract is formalized, all mining rights, as recognized in the Bolivian Mining Law 535, can be exercised by the holder of the ex-concession.

The Company also currently holds, through leasehold assignments, a 100% interest in the Ulaan Ovoo coal property located in Selenge province, Mongolia; and a 100% interest in each of the Chandgana Tal coal property and the Khavtgai Uul coal property located in Khentii province, Mongolia. The Company also holds the land use right and construction license for the Chandgana 600MW Coal-Fired Mine Mouth Power Plant project located in Khentii province, Mongolia.

Principal Products, Markets and Marketing

At the moment, we are not in production and we do not produce any products or minerals. Based on the projects that we are developing, our possible future products may include, but will not be limited to, raw thermal coal, zinc-silver concentrate, lead-silver concentrate, nickel concentrate and vanadium pentoxide product.

We are working to bring the Gibellini Project into production as soon as possible in order to address the supply-demand gap for vanadium projected to 2023. The projected demand is largely driven by environmental-related actions by the Chinese government which is intensified by increasing demand for vanadium redox flow storage batteries. The supply-demand gap will affect all uses of vanadium including steel manufacture, high tech applications and large capacity vanadium redox flow batteries.

Our marketing efforts have mostly been in assessing the reasons and sources of demand, but we have also conducted concept-level negotiations for supplying vanadium from the Gibellini Project to traders and battery manufacturers. As the Gibellini Project develops and more reliable information concerning timing, volume and quality become available, we will increase our marketing efforts. We will be primarily competing with other mining projects that produce raw thermal coal, zinc-silver concentrate, lead-silver concentrate and vanadium pentoxide. Our possible principle markets for vanadium pentoxide product may be Europe and/or China. Below are the 3-year historical industry pricing charts, USD\$ per lb., for the vanadium pentoxide flake, minimum 98% vanadium pentoxide content, delivered in China and Europe.



International mineral commodity pricing is generally established in US dollars and the competitive positioning between producers can be significantly affected by fluctuations in exchange rates. The competitiveness of mineral producers is significantly determined by the grade or quality of the deposit, production costs and transportation costs relative to other

producers. Such costs are largely influenced by the location and nature of mineral deposits, mining and processing costs, transportation and port costs, currency exchange rates, operating and management skills, and differing taxation systems between countries.

Seasonality

The mining business is subject to mineral commodities price cycles. If the global economy stalls and commodity prices decline, as a consequence, a continuing period of lower prices could significantly affect the economic potential of our properties and result in us determining to cease work on or drop our interest in, some or all of our properties.

Sources and Availability of Raw Materials

All of the raw materials we require to carry on our business are available through normal supply or business contracting channels.

Economic Dependence

Our business is not substantially dependent on any one contract such as a property option agreement or a contract to sell the major part of our output.

Government Regulations

Our exploration and future development activities are subject to various national, state, provincial and local laws and regulations in the United States, Bolivia, Canada and Mongolia, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

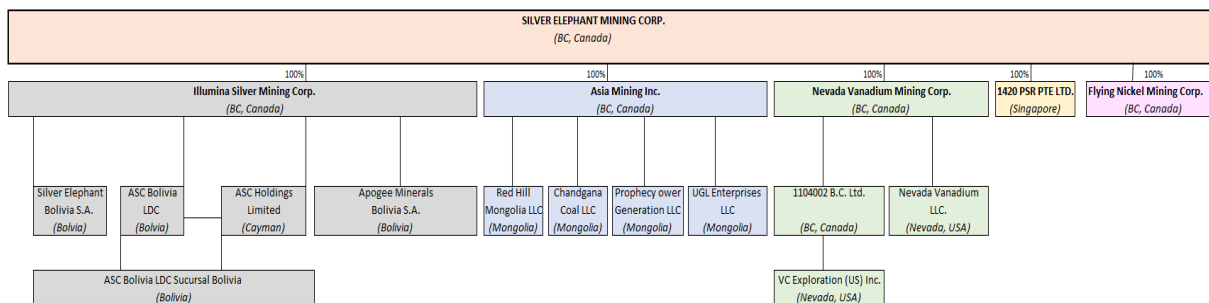
Mining and exploration activities at our properties in Canada are subject to various laws and regulations relating to the protection of the environment, which we discuss under the heading "Risk Factors" in this Annual Report. Although, we intend to comply with all existing environmental and mining laws and regulations, no assurance can be given that we will be in compliance with all applicable regulations or that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail development of our properties. Amendments to current laws and regulations governing exploration and development or more stringent implementation thereof could have a material adverse effect on our business and cause increases in exploration expenses or require delays or abandonment in the development of mining properties. In addition, we are required to expend significant resources to comply with numerous corporate governance and disclosure regulations and requirements adopted by U.S. federal and Canadian federal and provincial governments. These additional compliance costs and related diversion of the attention of management and key personnel could have a material adverse effect on our business.

Except as described in this Annual Report, we believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and regulations.

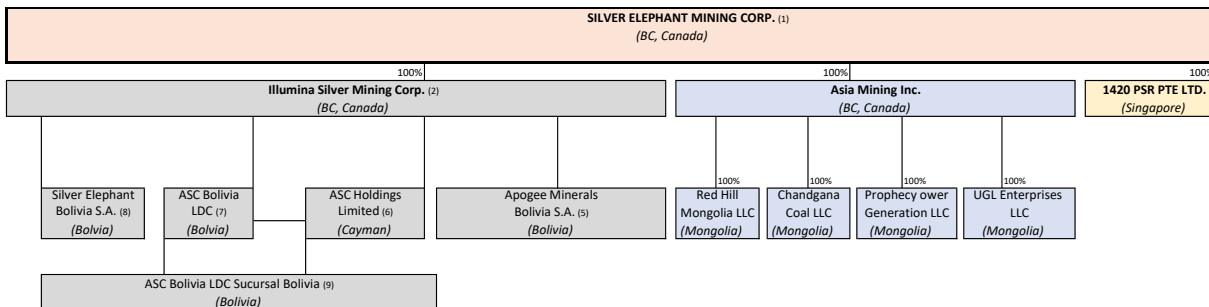
For a more detailed discussion of the various government laws and regulations in the United States applicable to our operations and the potential negative effects of such laws and regulations, see the section *Item 3.D. "Risk Factors."*

C. Organizational Structure

As of December 31, 2021 the intercorporate relationships of the Company are illustrated by the following diagram:



As of April 30, 2022, the intercorporate relationships of the Company are illustrated by the following diagram:



As of December 31, 2021 we held mining and energy properties and projects through the Company and the following subsidiaries:

Subsidiary	Mining Properties and Projects
Nevada Vanadium LLC	Holds the Gibellini Project, which is comprised of Gibellini and Louie Hill deposits by 209 Nevada Vanadium claims and 40 "Deitrich" claims under the Deitrich Lease Agreement as amended on April 19, 2018 as well as the historic Bisoni deposit (201 lode claims). Nevada Vanadium owns 450 Gibellini claims and 100% interest of the Bisoni deposit claims in Nevada, USA.
VC Exploration (US) Inc.	Holds a 100% interest in 105 unpatented lode mining claims that comprise a portion of the Gibellini Project in Nevada, USA.
Silver Elephant Mining Corp.	Holds a 100% interest in the Titan vanadium-titanium-iron property located in the Province of Ontario, Canada.

Subsidiary	Mining Properties and Projects
Silver Elephant Mining Corp.	Holds a 100% interest in 94 mineral claims and 2 mining leases covering 197 square kilometers located in the Province of Manitoba, Canada.
Red Hill Mongolia LLC	Holds a 100% interest in the Ulaan Ovoo Property located in Selenge Province, Mongolia.
Chandgana Coal LLC	Holds a 100% interest in the Chandgana Tal coal property and Khavtgai Uul Property located in Khentii province, Mongolia. We refer to the Chandgana Tal coal property and the Khavtgai Uul Property collectively as the "Chandgana Project."
Prophecy Power Generation LLC	Holds the land use right and construction license for the Chandgana Project planned in Khentii province, Mongolia.
ASC Bolivia LDC Sucursal Bolivia	Holds a 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years against certain royalty payments. Rights include "Temeridad" and "Real De Monte" concessions at Paca and are administered by COMIBOL and thus are part of the Pulacayo MPC.
Illumina Silver Mining Corp.	Holds the Triunfo SPA to acquire the El Triunfo Gold-Silver-Lead-Zinc Project in La Paz District, Bolivia. Subject to the provisions of the Triunfo SPA, the vendor irrevocably agreed to sell, assign, and transfer to the Company, and the Company agreed to purchase from the vendor, the mining rights of the Triunfo Project upon the Company paying the vendor the sum of USD\$1,100,000, consisting of USD\$100,000 on Triunfo SPA signing (paid), and USD\$1,000,000 on or before June 15, 2025.
Illumina Silver Mining Corp.	Holds the Sunawayo SPA to acquire the Sunawayo Project. The Sunawayo Project is patented land which the Company has acquired through the Sunawayo SPA, whereas the adjacent Malku Khota silver project in Bolivia is unpatented land administered by COMIBOL. In January 2020, the Company applied for a mining production contract with COMIBOL that would give it the rights to mine and explore Malku Khota. The application was received by COMIBOL and is under review.

As of April 30, 2022, as a result of the Arrangement, the Company holds mining and energy properties and projects through the Company and the following subsidiaries:

Subsidiary	Mining Properties and Projects
Silver Elephant Mining Corp.	Holds a 100% interest in the Titan vanadium-titanium-iron property located in the Province of Ontario, Canada.
Silver Elephant Mining Corp.	Holds a 100% interest in 94 mineral claims and 2 mining leases covering 197 square kilometers located in the Province of Manitoba, Canada.
Red Hill Mongolia LLC	Holds a 100% interest in the Ulaan Ovoo Property located in Selenge Province, Mongolia.
Chandgana Coal LLC	Holds a 100% interest in the Chandgana Tal coal property and Khavtgai Uul Property located in Khentii province, Mongolia. We refer to the Chandgana Tal coal property and the Khavtgai Uul Property collectively as the "Chandgana Project."
Prophecy Power Generation LLC	Holds the land use right and construction license for the Chandgana Project planned in Khentii province, Mongolia.
ASC Bolivia LDC Sucursal Bolivia	Holds a 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years against certain royalty payments. Rights include "Temeridad" and "Real De Monte" concessions at Paca and are administered by COMIBOL and thus are part of the Pulacayo MPC.
Illumina Silver Mining Corp.	Holds the Triunfo SPA to acquire the El Triunfo Gold-Silver-Lead-Zinc Project in La Paz District, Bolivia. Subject to the provisions of the Triunfo SPA, the vendor irrevocably agreed to sell, assign, and transfer to the Company, and the Company agreed to purchase from the vendor, the mining rights of the Triunfo Project upon the Company paying the vendor the sum of USD\$1,100,000, consisting of USD\$100,000 on Triunfo SPA signing (paid), and USD\$1,000,000 on or before June 15, 2025.
Illumina Silver Mining Corp.	Holds the Sunawayo SPA to acquire the Sunawayo Project. The Sunawayo Project is patented land which the Company has acquired through the Sunawayo SPA, whereas the adjacent Malku Khota silver project in Bolivia is unpatented land administered by COMIBOL. In January 2020, the Company applied for a mining production contract with COMIBOL that would give it the rights to mine and explore Malku Khota. The application was received by COMIBOL and is under review.

D. Property, Plants and Equipment

General

Currently, we consider only the Pulacayo Project to be material. We do not currently consider the interests the Company holds in its other projects to be material. Portions of the following excerpts are based on the assumptions, qualifications and procedures set forth in the respective technical reports which, while not fully described herein, have been filed on SEDAR (available at www.sedar.ca) and EDGAR (www.sec.gov).

Please refer to the discussion under the heading "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this Annual Report for important information concerning certain mining terms and descriptions of our mineral deposits used or contained in this section.

PULACAYO PROJECT, BOLIVIA

The scientific and technical information in this section of this Annual Report that specifically relates to the current Pulacayo Project mineral resource estimates for the Pulacayo and Paca deposits has been extracted or summarized from the 2022 Pulacayo Technical Report. The 2022 Pulacayo Technical Report was prepared by Matthew Harrington, P.Geo., of Mercator Geological Services Limited, Michael Cullen, P.Geo. of Mercator Geological Services Limited and Osvaldo Arce, Ph.D., P. Geo., Independent Consultant. Additional information presented below that pertains to the Pulacayo Project but does not specifically appear in the 2022 Pulacayo Technical Report has been provided by the Company. None of the qualified persons who prepared the 2022 Pulacayo Technical Report at affiliates of the Company. The 2022 Pulacayo Technical Report is filed as Exhibit 15.2 to this report.

The discussion below includes the Pulacayo and Paca silver-lead-zinc deposits and related concessions located in Bolivia (the "Pulacayo Project").

On January 2, 2015, pursuant to the terms of the acquisition agreement entered into between the Company and Apogee Silver Ltd. ("Apogee") the Company acquired the Pulacayo Project through the acquisition of the issued and outstanding shares of ASC Holdings Limited and ASC Bolivia LDC, which together, hold the issued and outstanding shares of ASC Bolivia LDC Sucursal Bolivia. ASC Bolivia LDC Sucursal Bolivia controls the mining rights to the concessions through a separate joint venture agreement with the Pulacayo Ltda. Mining Cooperative (the "Pulacayo Mining Cooperative") who hold the mining rights through a lease agreement with state owned Mining Corporation of Bolivia, COMIBOL.

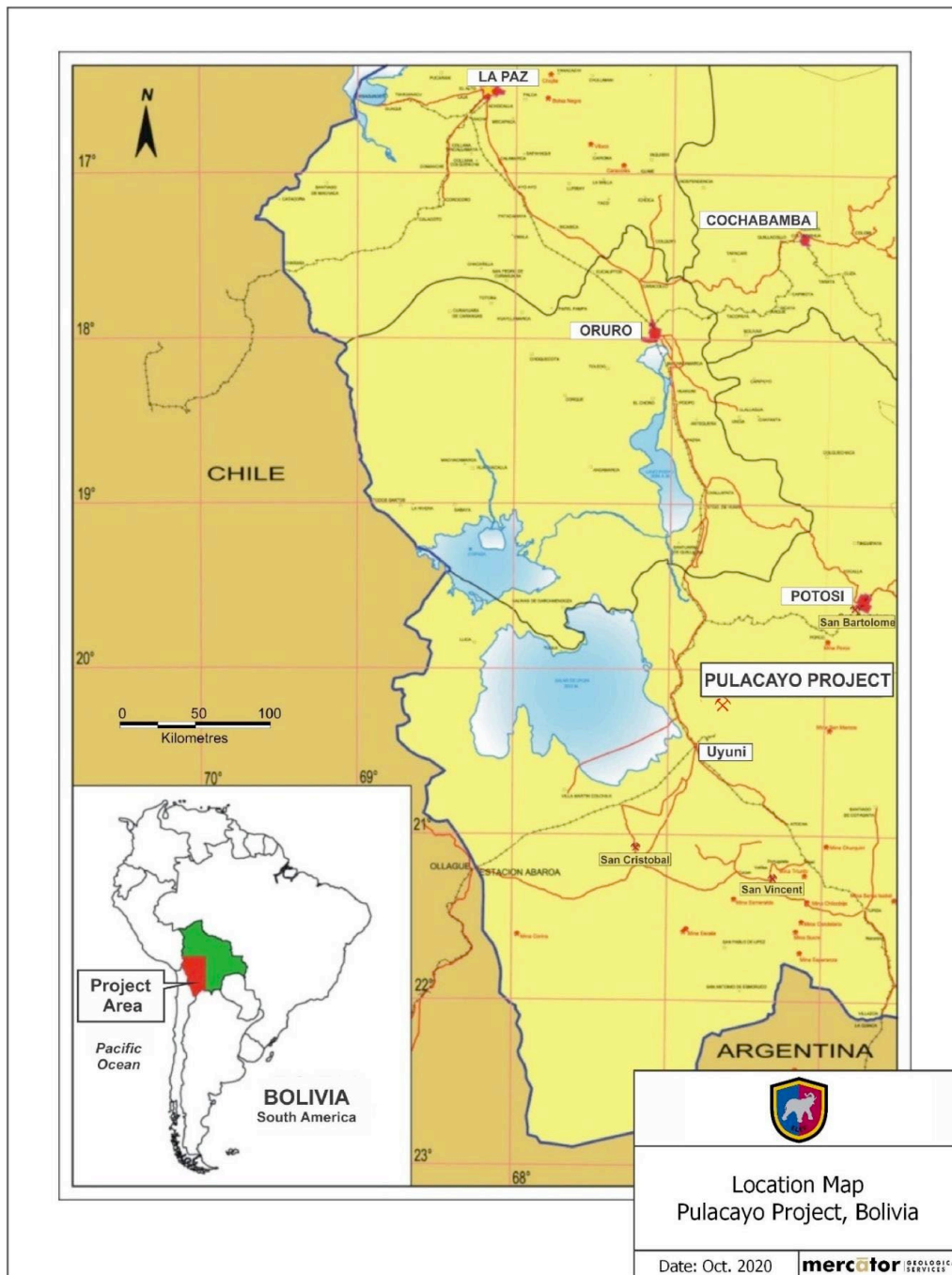
The Pulacayo Project mining rights are recognized by two legally independent contractual arrangements, one covering all, except Apuradita from the Pulacayo MPC between the Company and COMIBOL, a Bolivian state mining company, and the original holder of the rights, executed on October 3, 2019. The Pulacayo MPC grants the Company the 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years against certain royalty payments. It is comparable to a mining license in Canada or the United States. In connection with Apuradita, its rights are covered by a second contractual arrangement, with the Bolivian Jurisdictional Mining Authority, acting for the State, which

is in process of formalization, as a mean of recognition of the acquired rights to what was originally the mining concession. Until such time as the contract is formalized, all mining rights, as recognized in the Bolivian Mining Law 535, can be exercised by the holder of the ex-concession.

An independent valuation of the project was completed in March 2020 and indicated a valuation of approximately \$25 million.

Project Location

The Pulacayo Project comprises seven mining areas covering an area of approximately 3,560 hectares of contiguous areas centered on the historical Pulacayo mine and town site. The Pulacayo Project is located 18 km east of the town of Uyuni in the Department of Potosí, in southwestern Bolivia. It is located 460 km south-southeast of the national capital of La Paz and 150 km southwest of the City of Potosí, which is the administrative capital of the department. The Pulacayo Project is fully permitted with secured social licenses for mining.



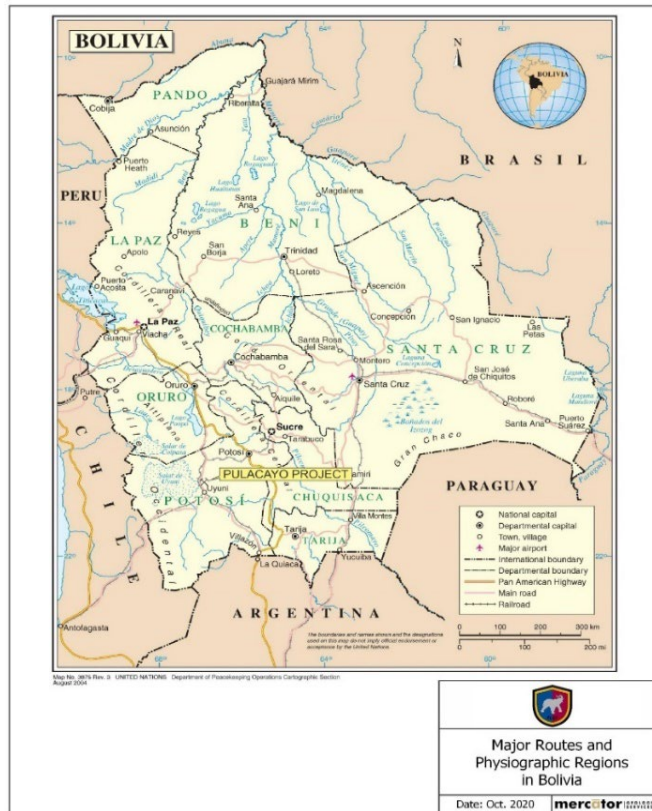
Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

Bolivia is a landlocked country located in central South America and includes diverse geographic and climatic conditions that range from snow-capped peaks and high-altitude plateaus to vast, low-lying grasslands and rainforests. The country is normally accessible by international air travel from Miami (American Airlines), Mexico City, Brazil, Chile (LAN), Argentina and Peru (Taca Airlines). In addition, local Bolivian airlines fly regular internal flights between major cities, with several flights a week to a newly paved runway at Uyuni city, located 18 km south of the Pulacayo property. While these routes and access methods are normally available, at the time of writing airline travel to and from Bolivia, as well as internally within the country, plus land travel within the country, had been materially reduced due to the effects of the internationally extensive Novel Coronavirus (Covid19) pandemic. It is not clear how long this will continue.

The principal highways are generally paved, and heavy trucks and buses dominate road traffic outside of the major cities. For the most part, road freight service functions adequately even to small remote villages. The Pulacayo project is accessed from La Paz by means of a paved road, which runs to the area of Huari, passing through Oruro. It can also be accessed by the road between Oruro and Potosí and from Potosí to Uyuni by a good quality paved road. Paving of the road from Potosí to Uyuni began in 2007 and has now been completed to Potosí. Secondary roads can be best described as “tracks” and winding, single lane roads are often precariously carved out of steep slopes.

There is also a reasonably well-developed rail system with connections south to Argentina, east to Brazil and west to Chile and the port of Antofagasta. Rail service from Uyuni connects with Oruro, Atocha, Tupiza, and Villazon (on the border with Argentina). Uyuni is also connected by railway to Chile through Estación Abaroa. Disused rail lines exist between Uyuni-Potosí and Oruro-La Paz. The figure below presents major highway and rail routes of Bolivia relative to the Pulacayo project’s location.



Major Routes and Physiographic Regions in Bolivia

Climate and Physiography

Two Andean mountain chains run through western Bolivia, with many peaks rising to elevations greater than 6,000 m above sea level. The western Cordillera Occidental Real forms Bolivia’s western boundary with Peru and Chile, extending southeast from Lake Titicaca and then south across central Bolivia to join with the Cordillera Central along the country’s southern border with Argentina. Between these two mountain chains is the Altiplano, a high flat plain system at elevations between 3,500 m and 4,000 m above sea level. East of the Cordillera Central a lower altitude region of rolling hills and fertile basins having a tropical climate occurs between elevations of 300 m and 400 m above sea level. To the north, the Andes adjoin tropical lowlands of Brazil’s Amazon Basin.

Climate within Bolivia is altitude related. The rainy period lasts from November to March and corresponds with the southern hemisphere’s summer season. Of the major cities, only Potosí receives regular snowfalls, with these typically occurring between February and April at the end of the rainy season. La Paz and Oruro occasionally receive light snow. On the Altiplano and in higher altitude areas, sub-zero temperatures are frequent at night throughout the year. Snow-capped peaks are present year-round at elevations greater than approximately 5,200 m.

The Pulacayo Project area is located immediately southwest of the Cosuño Caldera and local topographic relief is gentle to moderate, with elevations ranging between 4,000 m and 4,500 m above sea level. The Paca and Pulacayo volcanic domes are volcanic structures that exist as prominent topographic highs in this area. The area has a semi-arid climate, with annual rainfall of approximately 100 mm and a mean summer temperature of 12° C between October and March. During winter, minimum temperatures reach the -20 to -25° C range and summer maximums in the 18 to 20° C range occur in June and July. Yearly mean temperature is 5.5° C. Vegetation is sparse to non-existent and consists of only local low bushes.

Local resources and Infrastructure

Bolivia has a long history as a significant primary producer of silver and tin, with associated secondary production of gold, copper, antimony, bismuth, tungsten, sulphur and iron. The country also contains sizeable reserves of natural gas that have not been fully developed to date due to export issues and limited access to required infrastructure.

The country has an abundance of hydroelectric power and transmission lines which parallel the road system provide service to most major settlements. Remote villages generally have diesel generators which run infrequently during evening hours. Transmission lines from the hydroelectric plants of Landara, Punutuma, and Yura that were reconditioned by a joint venture between COMIBOL and the Valle Hermoso Electrical Company pass within a few kilometers of Pulacayo.

Telephone service and internet access are available in most areas and cellular telephone service is widespread. However, coverage is not complete and international connectivity is not ensured. Local communication services in the area are good and consist of an ENTEL-based long-distance telephone service, a GSM signal for cell phones and two antennae for reception and transmission of signals from national television stations. Apogee installed a satellite receiver to provide internet access for its operation and this service is shared with the Pulacayo Mining Cooperative. An adequate supply of potable water for the town is supplied by pipeline from a dam and reservoir (Yana Pollera) facility located 28 km from Pulacayo in the Cerro Cosuño.

Coeur d’Alene Mines Corporation (San Bartolome), Pan American Silver Ltd. (San Vicente), Glencore International plc (Sinchi Wayra) and Sumitomo Corporation (San Cristóbal) are significant international companies with producing mines in this region in recent years. Basic exploration services are available in Bolivia and include several small diamond core drilling contractors, the ALS Group, which operates an analytical services sample preparation facility in Oruro, the SGS Group, which has analytical services and preparation facilities in La Paz, and several locally owned assay facilities. The Bolivian National School of Engineering operates a technical college in Oruro (Universidad Técnica de Oruro)

that includes a mineral processing department and laboratory facilities that provide commercial services to the mining industry. In general, an adequate supply of junior to intermediate level geologists, metallurgists, mining engineers and chemists is currently considered to be present in the country.

Since down-sizing of site operations at Pulacayo by Apogee in 2013-2014, the population of the community has dropped to approximately 300 to 400 permanent residents, many of whom are associated with the Pulacayo Mining Cooperative. The village has a state-run school and medical services are provided by the state's Caja Nacional de Seguros (National Insurance Fund). A hospital and clinic function independently. Numerous dwellings and mining related buildings in Pulacayo are owned by COMIBOL and some of these have been donated to the Pulacayo Mining Cooperative. Under terms of the Shared Risk Contract, COMIBOL makes some mining infrastructure available for use by the Company.

Property

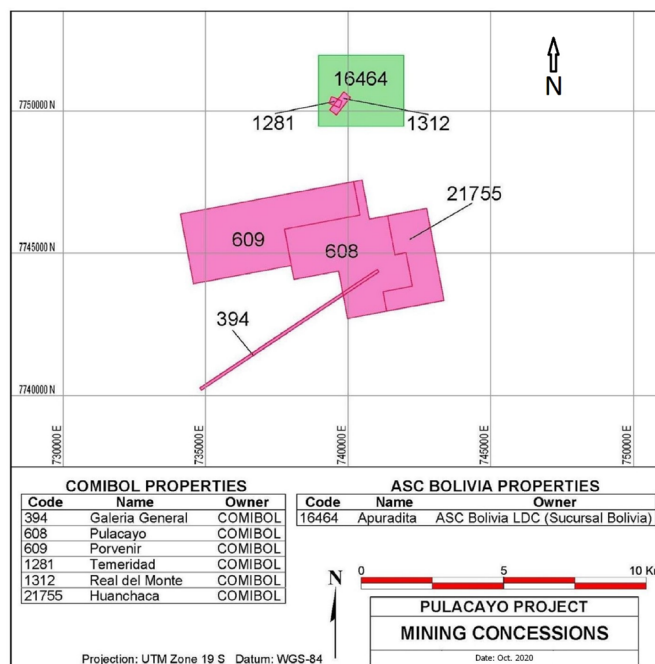
Ownership of the Pulacayo Project properties was completed through a number of joint venture agreements. Apogee Minerals Ltd. (renamed "Apogee Silver Ltd." in March 2011) controlled 100% of the Pulacayo Project through an agreement with Golden Minerals Company ("GMC"), the successor of Apex Silver Company before its acquisition by us. GMC's former Bolivian subsidiary, ASC Bolivia LDC Sucursal Bolivia ("ASC"), holds the mining rights to the concessions through a joint venture with the Pulacayo Mining Cooperative, which in turn has a lease agreement with COMIBOL, the state mining corporation of Bolivia. On January 21, 2011, Apogee entered into a definitive agreement with GMC to acquire all of the issued share capital of ASC, which holds a 100% interest in the Pulacayo Project. Pursuant to the applicable agreement, Apogee acquired all of the issued and outstanding shares of the subsidiary from GMC in consideration for Common Shares of Apogee upon closing of the transaction, and an additional block of Common Shares and a cash fee eighteen (18) months following closing of the transaction. In January 2015, Prophecy Coal Corp. (predecessor to the Company) completed a purchase of Apogee Minerals Bolivia S.A., ASC Holdings Limited and ASC Bolivia LDC (which hold ASC, the holder of Apogee's mining joint venture interest in the Pulacayo Project) (collectively, the "Apogee Subsidiaries") and thus Apogee's interest in the mining joint venture. The term of the joint venture agreement is 23 years and started on July 30, 2002. ASC Bolivia LDC is committed to pay to COMIBOL USD\$1,000 during the exploration period. During the mining period, ASC Bolivia LDC will pay COMIBOL the equivalent of 2.5% of the Net Smelter Return ("NSR") and 1.5% of the NSR to the Pulacayo Mining Cooperative. On September 1, 2016, the Bolivian government issued Supreme Decree N° 2891 which was confirmed by Law N° 845 dated October 24, 2016. Both regulations revert to the domain of the State, areas over which joint venture agreements, lease or sub-lease agreements have been executed between mining cooperatives and private local or foreign companies, in order to convert such agreements into mining production contracts between the private parties to such agreements and the government. This affects our Pulacayo Joint Venture Agreement. We submitted the required application on December 22, 2016. On October 2, 2019, a new Mining Production Contract (replacing the Joint Venture Agreement) was executed between Apogee Minerals Bolivia S.A. (a subsidiary of the Company) and the state-owned Bolivian Mining Corporation (COMIBOL). The term is 15 years and subject to renewal for another 15 years (total 30 years). COMIBOL is entitled to receive 7% of the Gross Sales Value. No monthly fee payable to COMIBOL has been agreed to.

The current holdings that comprise the Pulacayo Project cover 3,560 ha of surface area and are listed in the table below. All titles, associated agreement and permits are in good standing.

PULACAYO PROJECT EXPLORATION HOLDINGS

c	Titleholder	Size (ha)	Patents Payment	Registration Number	Location
Pulacayo	COMIBOL	1,031	Payment is not required*	512-01015	Pulacayo
Porvenir	COMIBOL	1,199	Payment is not required*	512-01165	Pulacayo
Huanchaca	COMIBOL	470	Payment is not required*	512-03903	Pulacayo
Galería General	COMIBOL	76	Payment is not required*	512-01160	Pulacayo
Subtotal		2,776			
Temeridad	COMIBOL	10	Payment is not required*	512-00992	Paca
Real del Monte	COMIBOL	24	Payment is not required*	512-00994	Paca
Apuradita	ASC Bolivia LDC	750	2017	512-03652	Paca
Subtotal		784			
Grand Total		3,560			

* Special Transitory Authorization – formerly mining concession



History of Production

The Pulacayo area has a very long history of exploration and mining, with this dominated by the Pulacayo deposit itself, where most work has been concentrated on mineralized systems that comprise the TVS and related systems. In contrast, the history of Paca deposit exploration forms a relatively small part of the long-term exploration and mining history of the area. Exploration and related studies carried out since 2001 by Apogee and related firms form the bulk of modern era work completed in the Pulacayo Project area and include over 91,900 m of core drilling, completion of a feasibility study in 2012 and several mineral resource estimates prepared in accordance with NI 43-101.

Mining of silver deposits at the Pulacayo Project area began in the Spanish Colonial Period (c.1545) but early production details do not exist. The first work formally recorded on the property was carried out in 1833 when Mariano Ramirez rediscovered the Pulacayo deposit. In 1857 Aniceto Arce founded the Huanchaca Mining Company of Bolivia and subsequently pursued development and production at Pulacayo. Revenue from the mine funded the first railway line in Bolivia, which in 1888 connected Pulacayo to the port of Antofagasta, Chile. In 1891, reported annual silver production reached 5.7 million ounces and mining operations at Pulacayo at that time were the second largest in Bolivia. Pulacayo production was predominantly from the Veta TVS which had been defined along a strike length of 2.5 km and to a depth of more than 1000 m. In 1923, mining operation ceased due to flooding of the main working levels.

In 1927, Mauricio Hochschild bought the property and re-started mine development. The Veta Cuatro vein was the focus of this work and was intersected at a mine elevation of approximately -266 m. It was proven to continue down-dip to the -776 m elevation where it showed a strike length of 750 m. Several short adits were also established during the Hochschild period at Paca to test a mineralized volcanic conglomeratic unit that outcrops in the deposit area. Work by Hochschild in the district continued until 1952 when the Bolivian government nationalized the mines and administration of the Pulacayo deposit and management was assumed by COMIBOL. Operations continued under COMIBOL until closure in 1959 due to exhaustion of reserves and rising costs. The total production from the Pulacayo mine is estimated by the National Geological and Mineral Service of Bolivia to be 678 million ounces of silver, 200,000 tons of zinc and 200,000 tons of lead (National Geological and Mineral Service of Bolivia Bulletin No. 30, 2002, after Mignon 1989).

In 1956, COMIBOL established the Esmeralda adit that was driven south into the Paca deposit to assess breccia hosted high grade mineralization localized along the andesite-host sequence contact. A total of approximately 250 m of drifting and cross cutting was carried out within the main mineralized zone, distributed between the main adit level and short sub-levels above and below the main level. Workings were established for exploration purposes only and commercial production was not undertaken by COMIBOL.

In 1962, the Pulacayo Mining Cooperative was founded and this local group leased access to the Pulacayo mine from COMIBOL. The Pulacayo Mining Cooperative has carried out small scale mining in the district since that time and continues to do so at present. Efforts are directed toward exploitation of narrow, very high-grade silver mineralization in upper levels of the old mining workings, typically above the San Leon tunnel level.

Modern exploration of the Pulacayo and Paca areas began to a limited degree in the 1980's when various mining and exploration companies targeted epithermal silver and gold mineralization within the volcanic-intrusive system present in the area. In 2001, ASC initiated an exploration program in the district, signed agreements with the Pulacayo Mining Cooperative and COMIBOL and completed programs of regional and detailed geological mapping, topographic surveying and sampling of historical workings. In part, these work programs included the Paca deposit, where 3,130 m of core drilling and 896 m of reverse circulation (RC) drilling were completed, and a mineral resource estimate was prepared. ASC also completed core drilling campaigns at Pulacayo.

In 2005 Apogee signed a joint venture agreement with ASC and subsequently commenced exploration in the region in early 2006. Extensive exploration, economic evaluation, metallurgical studies, mine and mill permitting environmental studies and underground test mining programs were subsequently carried out by Apogee between 2006 and 2015 when the Pulacayo Project was purchased by the Company's precursor, Prophecy Development Corp. (Prophecy). Work was carried out on both the Pulacayo and Paca deposits during this period, with emphasis placed on Pulacayo. Combined results of the ASC and Apogee diamond drilling programs carried out between 2002 and 2012 contributed to the several mineral resource estimates prepared in accordance with NI 43-101 and the CIM Standards in place at the time, and also supported a 2013 Feasibility Study focused on underground mining. Since 2001, ASC and Apogee completed 88,596 m of drilling from surface and underground on the Pulacayo Project, with Apogee programs accounting for 79,129 m of this total.

Geological Setting

Geology

The Pulacayo Project that includes both the Pulacayo and Paca deposits is located on the western flank of a regional anticline that affects sedimentary and igneous rocks of Silurian, Tertiary and Quaternary ages on the western side of the Cordillera Oriental, near the Cordillera-Altiplano boundary. The Uyuni-Khenayani Fault is a reverse fault that crosses the project area and is believed to have controlled localization of volcanic center complexes at Cuzco, Cosuño, Pulacayo and San Cristóbal and related mineralized areas at Pulacayo, Cosuño, El Asiento, Carguaycollu and San Cristóbal. This fault brings Tertiary sediments in contact with Paleozoic formations at surface and is located about 4 km west of Pulacayo. The Pulacayo Project mineralized zones at Pulacayo, Pacamayo and Paca all occur on the west flank of a north-south striking anticline and local topographic highs define Lower Miocene dacitic-andesitic domes and stocks associated with caldera resurgence that intrude the folded section. A younger Miocene-Pliocene phase of volcanism is also superimposed on the anticlinal trend and is marked by pyroclastic deposits and flows of andesitic and rhyolitic composition. Ignimbrites associated with the Cosuño Caldera are the youngest volcanic deposits in the area. A dacitic to andesitic dome complex at the Pulacayo Property intruded the folded sedimentary section and forms the main topographic highs that occur on the property.

Exploration

The Company has completed various geological mapping and surface sampling programs over several areas of mineralization on the Pulacayo Project starting in 2015 and continuing over the years into 2021. Recent exploration activities completed by the Company include a geological mapping and chip sample program completed in February 2020 for the Paca area and a San Leon Tunnel geological mapping and chip sample program completed in February-March of 2020. The Company also carried out a 3,277.4 m core drilling program in late 2019 and early 2020. A 545-meter drilling program at the Paca deposit was completed in October, 2020. A 940-meter drilling program was commenced at the eastern side of the Pulacayo deposit in an area known as "Pero" in December 2020, and completed in January 2021.

Drilling

Apogee commissioned a topographic survey of the Pulacayo and Paca areas in 2006 to provide a topographic base map for use in establishing road access, geological mapping and surface sampling, and locating drill collars and geophysical lines. A surface mapping and sampling program was done during 2005 and initially utilized the ASC preliminary geological maps. The company completed detailed surface mapping that covered all the exploration licenses. The sampling consisted mostly of rock chip samples taken from outcrops and accessible underground mine workings for a total of 549 samples. During 2006 Apogee also commissioned a detailed, three-dimensional digital model of the historic underground mine workings. The model was subsequently modified by Apogee to conform to the current datum and adjusted to align with the +1% incline grade of the San Leon tunnel. An induced polarization (IP) geophysical survey was carried out by Apogee between November and December 2007. A total of 29-line km of IP surveying was completed on the Pulacayo Project including seven lines at Pulacayo oriented north-south perpendicular to the east-west strike of the TVS and five similarly oriented survey lines at Paca.

Following the acquisition of the Pulacayo Project, Apogee initiated a diamond core exploration drill program that consisted of 19 holes. During 2007-2008 Apogee focused on the Paca deposit and completed 68 drill holes in two programs with 14 completed during November 2007 and 54 holes completed during 2008. Subsequent drilling occurred during June 2009, between November 2010 and December 2011, and between August 2011 and June 2012. Overall core recovery reported by Apogee exceeds 90% in most cases though proximity to old mine workings reduces the recovery potential due to associated bedrock instability. Particular attention was paid to the planning and documentation of drill holes. Planning is based on the logging and interpretation of geological cross sections generated by Apogee staff geologists. Drill hole coordinates are established from digital maps and surface drill hole collars are located on the ground by field geologists using a hand-held GPS receiver. The completed drill hole is later surveyed by company surveyors. Drill hole azimuth and inclination are established using a compass and clinometer. Collar coordinates for underground drilling are established by company surveyors and hole azimuth and inclination are set by transit. Downhole deviation is determined for both surface and underground holes at approximately 50 m intervals using down hole survey tools.

Work during 2015 included mapping, sampling, assays and metallurgical tests under Phase 2 of the exploration plan, planning for Phase 2 (geophysics, drilling and assays), and preparation and submittal of the permit application for Phase 2. The exploration centered on assessing the historical tailings piles and potential mineralized areas suggested by historical exploration. On February 2, 2015, the Company announced the assay results received January 22, 2015 from ALS Minerals Ltda., for samples obtained during the

reconnaissance sampling program of tailings piles materials. The tailings piles are the remaining materials from processing ore, extracted from the Pulacayo mining district between approximately 1850 and 1950. The ore was processed by a mill on site which has since been dismantled.

A total of 12 tailings piles were identified at the start of the mapping and sampling program and a total of 299 samples from the 12 tailings piles were obtained. Samples were obtained at random locations on the top surface of those piles from small holes excavated with an excavator and systematically at 2-meter spacings in the walls (slopes) of the piles from hand dug or excavated trenches, all at depths of 1.2 to 1.5 meters. The samples were then preserved, stored, secured, and transported following industry standard methods. The assay program was performed by ALS Minerals Ltda. of Lima, Perú and included standard Quality Assurance and Quality Control (QA/QC) samples to enforce the validity of the results. The results indicate silver grades up to 1200 g/t, gold grades up to 7 g/t and indium grades up to 154.5 g/t. On September 10, 2015, the Company reported results from preliminary metallurgical test work conducted on samples collected from various tailing piles at the Pulacayo Project showing up to 64.39% silver recovery.

Surface mapping and sampling was completed during June to August 2015 on four potential mineralized areas (El Abra, Pero, Paca, and Pacamayo). The sampling included close spaced grab and chip samples obtained systematically where the trend of the mineralization is apparent or in historic mine adits and random spot sampling where the trend is not apparent. The samples were obtained through the aid of trenching to allow sampling of fresher material, where possible. The samples were then preserved, stored, secured, and transported following industry standard methods. The assay program was performed by ALS Minerals Ltda. and included standard QA/QC samples to enforce the validity of the results. On August 27, 2015 and September 9, 2015, the Company announced assay results of the first and second group of samples from the potential mineralized areas at the district exploration program. On September 18, 2015, the Company announced the assay results of the three Pacamayo samples where the silver grade was reported as more than 1,500 g/t. These samples have undergone reanalysis using the fire assay and gravimetric finish method which has a greater upper detection limit.

An exploration permit application was submitted during early 2015. The exploration permit would allow geophysical work to complete Phase 1 then after review of the Phase 1 information and previous exploration information and planning, completion of Phase 2.

Planning and budgeting for exploration to prove the planned stopes in the internally developed mining plans was completed. This exploration plan included in-mine drilling and mining new drivages to explore new areas, mapping of existing exposures and new drivages, sampling of existing exposures, new drivages, and drill core for laboratory analysis and metallurgical testing.

Summary of Modern Era Drilling

The Company initiated a 7-hole surface diamond drill program at the Paca deposit in September of 2019 and completed the program in October of 2019. Seven holes were completed for a total of 860 m. The Company also initiated surface drilling at the Pulacayo deposit in December of 2019 and concluded in February of 2020. A total of 3,277.4 meters of drilling was completed in 18 drillholes. Results of the 2019-2020 were included in the current mineral resource estimation program and contribute to 91,873 m of drilling combined for both deposits, the balance of which was completed by ASC and Apogee during the 2002 to 2012 period. Through 2021, 1,972m of drilling was completed at Pulacayo testing numerous induced polarization anomalies identified on the property.

Mineralization

Mineralization comprising the current Pulacayo deposit mineral resource estimate is defined by the extent of modern-era diamond core drilling along the TVS in the vicinity of historic underground workings. The workings extend over a strike length of approximately 2.7 km and to a vertical depth from surface of about 1 km. Modern drilling coverage is present for approximately 1.5 km of the known deposit strike length and extends to a vertical depth of approximately 550 m below surface.

The extent of mineralization comprising the current Paca deposit mineral resource estimate is defined by the extent of modern era diamond core drilling along a strike length of approximately 750 m and north-south extent of approximately 700 m. Limited underground exploratory workings accessible from the Esmeralda adit are present along approximately 100 m of the deposit's strike length in its central area.

Mineralization of economic interest at the Pulacayo deposit occurs within the Tertiary age Pulacayo volcanic dome complex that consists of older sedimentary rocks of the Silurian Quenhua Formation plus intruding andesitic volcanic rocks of the Rotchild and Megacristal units. Mineralization hosted by volcanic rocks can occur over tens of meters in thickness and typically consists of discrete veins plus stockworks of narrow veins and veinlets that occur within argillic alteration host rock envelopes. At deeper levels, high grade veins that are typically less than a few meters in width are hosted by sedimentary lithologies. Veins are commonly banded in texture and can contain semi-massive to massive sulphides. Primary minerals of economic importance at Pulacayo are tetrahedrite, galena and sphalerite, with additional silver sulfosalts and native silver also contributing to deposit silver grades. Mineralization is controlled by an east-west oriented normal fault system that links two northeast trending, steeply dipping, regional strike slip faults.

Mineralization of economic interest at the Paca deposit occurs in association with the same Tertiary age volcanic dome complex that produced the Pulacayo deposit and takes the form of thin veinlets, fracture fillings and disseminations hosted by altered volcanoclastic sedimentary lithologies and altered intermediate to felsic igneous lithologies. These occur in direct association with mineralized igneous or hydrothermal breccia zones. The intensity of argillic alteration is greatest in areas of highest concentrations of metallic mineral phases such as sphalerite, galena, argentite and tetrahedrite. Stratabound disseminated mineralization and breccia hosted mineralization predominate within the deposit, but discrete mineralized veins are also present locally. The deposit occurs at the contact between an andesitic intrusive complex and volcanoclastic sedimentary host lithologies. Bedded and cross-cutting breccia deposits that are important hosts to higher-grade mineralization commonly show close spatial association with the contact zone of the andesitic intrusion.

Deposit Type

The Pulacayo and Paca deposits are interpreted to be low to transitional sulphidation epithermal deposits that contain both precious and base metal mineralization.

Sampling

The core is initially examined by core technicians and all measurements are confirmed. Core is aligned and repositioned in the core box where possible and individual depth marks are recorded at 1 m intervals on the core box walls. Core technicians photograph all core, measure core recovery between core depth blocks, complete magnetic susceptibility readings and specific gravity measurements, and record the information on hard copy data record sheets. This information is initially entered into Excel digital spreadsheets and then incorporated into the project digital database. Drill site geologists then complete a written quick log of rock types along with a graphical strip log that illustrates the rock types. They subsequently complete a detailed written description of rock types, alteration styles and intensities, structural features, and mineralization features. The drill hole logs are drawn on paper cross sections when logging is completed and lithologies are graphically correlated from drill hole to drill hole. Mineralized intervals are marked for sampling by the logging geologist using colored grease pencils and the depths of the intervals and associated sample numbers are recorded on a hardcopy sample record sheet. All paper copy information for each hole, including quick logs, detailed logs, graphical logs, sample record sheets and assay certificates are secured together in a drill hole file folder to provide a complete archival record for each drill hole. Subsequent to logging and processing, down hole litho-coded intervals, sample intervals and drill hole collar and survey information are entered into digital spreadsheets and then incorporated into the project digital database. The sample intervals marked by the logging geologist are cut in half by the core technicians using a diamond saw. Friable core is cut in half with a knife. Each half core sample is assigned a unique sample tag and number and placed in a correspondingly numbered 6 mil plastic sample bag. A duplicate tag showing the same number is secured to the core box at the indicated sample interval. All sample intervals and corresponding numbers are recorded on a hardcopy sample data sheet and are subsequently entered into a digital spreadsheet for later incorporation in the project database. The secured 6 mil plastic sample bags are grouped in batches of 6 to 10 samples and secured in a larger plastic mesh bag in preparation for shipment to the laboratory.

Drill site procedures pertinent to the ASC drilling were confirmed by Apogee staff familiar with the ASC program to be generally similar to those employed by Apogee with respect to core logging and sampling. All ASC drill core samples were processed at the Oruro, Bolivia laboratory of ALS Chemex (formerly Bondar-Clegg), with those from the first phase of drilling being analyzed at ALS Chemex facilities in Vancouver, BC, Canada. In both instances, standard core preparation methods were used prior to elemental analysis.

Security of Samples

Apogee staff was responsible for transport of core boxes by pick-up truck from drill sites to the company's locked and secure core storage and logging facility located in the town of Pulacayo. The secured 6 mil plastic sample bags are grouped in batches of 6 to 10 samples and secured in a larger plastic mesh bag in preparation for shipment to the ALS Chemex preparation laboratory located in Oruro, Bolivia. All bagged samples remained in a locked storage facility until shipment to the laboratory. Samples are transported from the core

storage area to the ALS Chemex facility by either Apogee personnel or a reputable commercial carrier. Sample shipment forms are used to list all samples in each shipment and laboratory personnel crosscheck samples received against this list and report any irregularities by fax or email to Apogee. Apogee did not encounter any substantial issues with respect to sample processing, delivery or security for the Pulacayo drilling programs. The transport and security of samples pertinent to the ASC drilling were confirmed by the then Apogee staff familiar with the ASC program to be generally similar to those employed by the following drilling programs. The security of Paca exploration samples followed the same procedures.

Sample Preparation, Analysis and Quality Assurance/Quality Control

All drill core samples from the ASC 2002 and 2003 drilling programs were processed at the Oruro, Bolivia laboratory of ALS Chemex, with those from the first phase of drilling being analyzed at ALS Chemex facilities in Vancouver, BC, Canada. In both instances, standard core preparation methods were used prior to elemental analysis. During the 2006 to 2012 Apogee drilling programs Apogee staff carried out immersion method specific gravity determinations but did not carry out any form of direct sample preparation or analytical work on project samples. Analytical work was completed by ALS Minerals Ltda. at its analytical facility in Lima, Peru after completion of sample preparation procedures at the ALS facility located in Oruro, Bolivia. ALS was at the time and remains an internationally accredited laboratory with National Association of Testing Authorities certification and also complies with standards of International Organization for Standardization (ISO) 9001:2000 and ISO 17025:1999. The laboratory utilizes industry standard analytical methodology and utilizes rigorous internal QA/QC procedures for self-testing. Samples from the ASC drilling programs carried out in 2002 and 2003 were also prepared and analyzed by ALS. However, after preparation at the facility in Oruro, Bolivia under the same protocols as for Apogee, analytical work was carried out at the company's laboratory in Vancouver, BC, Canada. This facility was fully accredited at the time and analytical protocols were the same as those described above for Apogee.

Apogee developed an internal QA/QC program that includes blind insertion of reference standards, blanks and duplicates in each analytical shipment that was used for the 2006 to 2012 drilling programs. A blank is inserted at the beginning of each sample batch, standards are inserted at random intervals throughout each batch of 50 samples and duplicates are analyzed at the end of each batch. All data gathered for QA/QC purposes is captured, sorted and retained in the QA/QC database. The QA/QC samples include commercial reference standards, an in-house standard, and commercial prepared blank materials. Coarse field blanks were also prepared by Apogee. Analysis of duplicate samples of quarter core is accommodated through their blind inclusion in the sample stream and analysis of duplicate prepared pulp splits are also requested for each batch. Apogee's protocol also includes a check sampling program based on analysis of sample splits at a second accredited laboratory. Bulk density measurements (specific gravity) were systematically collected by Apogee staff using standard water immersion methods and unsealed core samples. Characteristics of lithology and alteration were also recorded as part of the density program and all information was assembled in digital spreadsheets.

QA/QC procedures pertinent to the ASC 2002-2003 drilling programs were not documented. However, the first drilling program carried out by Apogee in 2006 was intended to confirm earlier ASC analytical data. Full QA/QC protocols instituted by Apogee were applied to this program and results of the Apogee re-drill program correlate well with those of ASC suggesting that acceptable standards were being met by ASC. Though preparation, analysis, and QA/QC procedures were not documented for the early ASC drilling on Paca, the results of the 2006 re-drill program and check sampling by Mercator during 2015 were comparable and suggests acceptable procedures were followed for the Paca deposit samples. Sampling from later drilling at Paca followed Apogee's QA/QC procedures described above. Bulk density measurements were also obtained.

The authors of the Pulacayo Technical Report visited the Pulacayo Project site on three occasions to support preparation of previous mineral resource estimates and one other visit was conducted in September of 2020 in support of the current mineral resource estimates and associated technical reporting. Results of data verification activities carried out by the authors of the Pulacayo Technical Report and site visits show that Pulacayo Project datasets are of industry standard quality and suitable to support mineral resource estimation programs.

Data Verification

Core sample records, lithologic logs, laboratory reports and associated drill hole information for all drill programs completed by Apogee and ASC were digitally compiled by Apogee staff. Information pertaining to the exploration history in the property area was also compiled by Apogee and was reviewed to assess consistency and validity of Apogee results. The digital drill hole records compiled by Apogee were checked in detail against the parameters (collar data, down hole survey values, hole depths, lithocodes) of the original hard copy source documents to assess consistency and accuracy. This was followed by review and validation of approximately 10% of the compiled core sample dataset against original source documents. Review of logging and sample records showed consistently good agreement between original records and digital database values. The drilling and sampling database records were further assessed through digital error identification methods available through the Gemcom-Surpac Version 6.2.1® software for such errors as sample record duplications, end of hole errors, survey and collar file inconsistencies and some potential lithocode file errors. The digital review and import of the manually checked datasets through Surpac provided a validated Microsoft Access® database that is considered to be acceptable for resource estimation.

Apogee hosted two site visits by experts for review of procedures and verification of conditions and work programs. The first during August 2011 included review of drilling program components, core check sampling, verification of drill hole locations, and discussion with Apogee staff and consultants. The experts determined that, to the extent reviewed during the visit, evidence of work programs carried out to date on the property is consistent with descriptions reported by the company and that procedures employed by Apogee staff are consistent with current industry standards and of good quality. The second site visit occurred during April 2012 and included additional review of on-going drilling and resource estimation program work pertaining to oxide zone mineralization. The experts determined their drill hole coordinates compared well with Apogee's coordinates and reasonable correlation exists between the original sample analyses and the check sample analyses.

The data verification performed for the Paca deposit was similar to that for the Pulacayo deposit described previously. Micon International Limited of Toronto, Canada, considered the field standard used by Apogee in its QA/QC program to be unacceptable and suggested use of a commercial standard or an in-house standard supported by industry best practices.

The authors of the Pulacayo Technical Report visited the Pulacayo Project site on three occasions to support preparation of previous mineral resource estimates and one other visit was conducted in September of 2020 in support of the current mineral resource estimates and associated technical reporting. Results of data verification activities carried out by the authors of the Pulacayo Technical Report and site visits show that Pulacayo Project datasets are of industry standard quality and suitable to support mineral resource estimation programs.

Mineral Processing and Metallurgical Testing

To date, four metallurgical test programs were completed by outside experts. These programs include: Resource Development Inc., Denver, USA in 2003, UTO (Universidad Técnica de Oruro), Oruro, La Paz, Bolivia in 2009, ED&ED Ingeniería y Servicios S.A.C. (which we refer to as "ED&ED"), Lima, Peru in 2011, and UTO and Maelgwyn Mineral Services Laboratory in South Africa during 2012. A fifth program was managed by Apogee where bulk samples from trial mining were sent to local concentrators.

During 2003, Resource Development Inc. tested 120 kg of core sample from two drill holes. Preliminary metallurgical test work was performed to evaluate the silver and sulfide base metals recovery potential including in-place densities, feed characterization, mineralogy, leaching, gravity concentration, and bench-scale open circuit and locked cycle tests (LCT's). Silver minerals were found not to be amenable to leaching by NaCN or gravity concentration. Grinding test data determined the time required to achieve a P80 of 150 # (104 µm) was 20 minutes. Bench scale open circuit flotation tests (OCT's) were performed using the flotation reagent suite developed for the San Cristobal Project. The overall silver recovery in the lead rougher concentrates was 97.1%. The lead cleaner concentrate recovered 2.8% of the weight, 84.6% of lead, 3.1% of zinc and 46.9% of silver. The lead concentrate assayed 60.8% Pb, 4.22% Zn and 8,440 g/t Ag. The zinc cleaner concentrate recovered 7.8% of weight, 1.3% of lead, 84.7% of zinc and 38.8% Ag. The concentrate assayed 0.324% Pb, 41.2% Zn and 2,463 g/t Ag. Large scale two cycle locked cycle flotation tests were performed using the process flowsheet similar to that developed for San Cristobal deposit. The lead concentrate assaying 62.2% Pb, 4.46% Zn and 10,891 g/t Ag, recovered 3.1% weight, 88.8% of lead, 3.9% of zinc and 63.4% of silver. The zinc concentrate assayed 61.5% Zn, 0.9% Pb and 3,303 g/t Ag, recovered 5% weight, 87.6% of zinc, 2.1% of lead and 31.3% of silver. The tailings were very difficult to settle due to high proportions of clay in the ore, which will impact the process flow sheet and overall plant design. The lead and zinc third cleaner concentrates were analyzed for impurities and found that penalties may be incurred on the concentrates for several impurities.

UTO conducted a metallurgical test program during 2009 on three samples comprising comminution (only Bond Ball Work Index), OCT's, LCT's, OCT tailings (non-float) size by size analyses, and OCT tailings (non-float) sedimentation tests. Clay mineralogy studies were not carried out to determine the presence of clays that may produce very fine slimes though during the test work, slimes were produced affecting the flotation performance, settling of tailings, and flotation pulp rheology. The samples were drill cores composited to represent a higher grade, a medium grade, and a lower grade. Comminution was evaluated using the Bond Ball Mill Work Index test and categorized the samples as medium to hard.

Abrasion index, crushing work index, and rod work index tests were not performed. Specific gravity tests were performed. Flotation test work focused on lead and silver recovery using both batch open circuit and closed circuit flotation tests. Locked cycle tests of the high-grade sample indicated that conventional selective lead-silver and zinc-silver flotation techniques recovered 56% of the silver in the lead concentrate and 27% of the silver in the zinc concentrate with lead recovery of 79% and zinc recovery of 81%. Silver grades were 6,620 g/t in the lead concentrate and 2,010 g/t in the zinc concentrate. LCT test results of the medium grade sample indicated that it is possible to recover almost 34% of the silver in the lead concentrate and 50% of the silver in the zinc concentrate, with lead and zinc grades at 51% and 58%, lead and zinc recoveries at 74% and 83%, and silver grades at 6,220 g/t and 2,990 g/t. LCT test results of the low-grade sample indicated that it is possible to recover almost 30% of the silver in the lead concentrate and 21% of the silver in the zinc concentrate, with lead and zinc grades at 51% and 58%, lead and zinc recoveries at 74% and 83%, and silver grades at 6,220 g/t and 2,990 g/t, respectively. The results seem to be reasonable and in accordance with expectations from the mineralogy of the ore. These results constitute the design basis for the flow sheet. Full OCT's of sulphide minerals flotation were conducted initially on each sample as a proof of concept of the overall circuit and to establish a workable set of flotation conditions and reagents. These tests demonstrated that sulphide flotation to saleable lead and zinc concentrates at acceptable (for batch tests) recoveries was possible.

During 2011, the laboratory facility of ED&ED, performed a series of flotation tests and contracted mineralogical analyses on a high grade and low-grade sample. The initial ED&ED flotation test work was not successful then after pre-conditioning the samples with activated carbon and subsequent differential flotation, was moderately successful. The minerals present included sphalerite, galena, pyrite and quartzite gangue with galena-sphalerite assemblages (intertwined specimens) present to some extent. Twelve (12) OCT's were conducted on each of the samples to confirm the previous flotation results by UTO and to evaluate the effect of flotation response at finer grind sizes as seen in the flowcharts. The flotation tests carried out on the high-grade samples indicated that it is possible to obtain commercial lead and zinc concentrates with grades of lead and zinc of 42.1% and 43%, respectively. The concentration of silver in the lead and zinc concentrates were reported as 7,010 g/t and 198.2 g/t, respectively. The straightforward conventional selective lead-silver and zinc-silver flotation techniques after carbon pre-treatment are able to recover 85.7% of silver in the lead concentrate (with a mass pull of 3.1%) and 2.93% of silver in the zinc concentrate (with a mass pull of 3.75%). The lead and zinc recoveries are estimated as 80% and 77.8%, respectively. The flotation tests, carried out on the low-grade samples indicated that it is possible to obtain commercial lead and zinc concentrates with grades of lead and zinc of 41% and 43.1%, respectively. The concentration of silver in the lead and zinc concentrates were reported as 6,734 g/t and 207 g/t, respectively. The straightforward conventional selective lead-silver and zinc-silver flotation techniques after carbon pre-treatment are able to recover 74% of silver in the lead concentrate (with a mass pull of 1.95%) and 3.27% of silver in the zinc concentrate (with a mass pull of 2.8%). The lead and zinc recoveries are estimated as 77.6% and 71.9%, respectively. In overall, better flotation (open circuit tests) performances are obtained at a grind size of P80 of 74 µm. Locked cycle tests at this grind size will be necessary to confirm these results. A set of paste thickening tests were run on dry samples of the flotation test (tailings) to investigate the performance of the FLSmidth Deep Cone Paste thickening technology. Screening flocculent tests were carried out. Anionic flocculent (Floenger PHP 50 Plus) was selected to improve sedimentation performance based on settling rates and observed visual supernatant clarity. Experience has shown that it is difficult to scale paste flow characteristics from small-scale tests to full-scale pipeline conditions, pilot-scale pumping tests are usually necessary. The lab flotation concentrates (open circuit tests) were assayed to determine the deleterious elements in the concentrate and for use in the NSR calculations and included mineralogical analyses. The results showed that the lead concentrate assayed 47.2% Pb and 6,273 g/t Ag with 1.3% Cu, 1.45% As and 1.23% Sb. The zinc concentrate assayed 53.8% Zn with negligible copper, arsenic or antimony. The lead, silver and zinc concentrate grades are in agreement with the LCT carried out before. Concentrations of deleterious elements appear below typical smelter penalty thresholds, with arsenic appearing as the principal penalty element.

During 2012, UTO conducted further metallurgical test work including a single collective flotation test, a series of open circuit differential flotation tests (with a de-sliming step), a single locked cycle flotation test (with de-sliming step), and PORCO flow sheet testing. This test work was designed to explore the flotation response of the ore to conventional differential flotation and to establish the operating conditions, reagent scheme, and consumptions. The sample was prepared and provided by Apogee (ASL) and consisted of a bulk composite sample from drill cores with grain sizes up to 76.2 mm (3 inches). The first exploratory test indicated that silver recovery to bulk concentrate is about 72%, while the lead and zinc recoveries are approximately 66% and 78% respectively. The floating fraction accounted for about 13%, the slimes fraction 18%, and the rest is lost as final tailings. Lead and silver losses are up to 23% and 13%, respectively. The open batch flotation tests indicated that lead recovery is between 48% and 54%, while zinc recovery is in the range from 50.1% to 72%. Total silver recovery to both lead and zinc concentrates is between 30% and 68%. Lead concentrate grades range from 33.5% to 59%, zinc concentrate grades range from 49% and 55%. Similarly, silver grades in both concentrates range from 9,875 g/t to 15,333 g/t. A single LCT, a repetitive batch used to simulate a continuous circuit where all the intermediate material added to the appropriate location in the flowsheet, was conducted to produce a metallurgical projection of the sample tested and to assess if the flowsheet and reagent suite is stable. A good locked cycle test typically achieves steady state over the last three cycles. Steady state implies both stability and mass conservation. Stability implies constancy. It was not indicated whether the test reached stability or whether mass conservation was achieved. Assuming that steady state was reached, the results indicated that lead and zinc recoveries were 60.1% and 76.5%, respectively. Lead concentrate assayed 11,114 g/t Ag, 49.1% Pb and 4.81% Zn. Additionally, the metal values in the zinc concentrate were 2,220 g/t Ag, 2.29% Pb and 48.6% Zn. Concentrates account for about 2.9% w/w of the feed (0.81% lead and 2.1% zinc). Silver metal loss in the slimes is as high as in the tailings. Lead and silver losses in the final tails are 23.1% and 9.12% respectively. The PORCO flowsheet is basically a bulk flotation followed by lead and zinc flotation, this processing route should be carried out at high pH (12.2) intended to depress pyrite at the outset. However, the Pulacayo ore did not respond well mainly because of lead and silver selectivity issues and high consumption of acid (H2SO4) to drop the pH to a level suitable for lead flotation after the bulk stage.

Maelgwyn Mineral Services Africa carried out laboratory flotation optimization test work on ore samples from the Pulacayo Project during 2012. The objectives of the work were to: (i) test the flotation conditions supplied by Apogee on the core samples to determine the metal recoveries and grades achievable by differential flotation of the Pb and Zn minerals; (ii) to optimize the flotation conditions for effective differential of the Pb and Zn minerals and to achieve saleable grades of Pb and Zn concentrates; and (iii) to perform locked cycle testing of the optimized flotation conditions using selected variability core samples. Laboratory rod milling curves were produced for all the samples and found that the milling times required for the samples indicated a high degree of variability in hardness between the sample types. Flotation tests included 65 OCT's (exploratory test work) and four locked cycle flotation tests. In summary, the locked cycle tests yielded Pb concentrates of 55-69% Pb at recoveries between 88% and 93% and Zn concentrates of 37% to 56% Zn at recoveries of 79% to 90% with a large variation in head grade from 1.5% Pb to 4.3% Pb. The silver recoveries ranged between 68% and 94% with a variation in head grade of between 136 g/t Ag and 375 g/t Ag.

The test mining between November 2011 and May 2013 produced 12,550 tons of ore that were used in a toll milling program to evaluate ore processing. The ore was hauled by truck to four concentrators – Tatasi, Fedecomín, La Estrella, and Zabaleta. The Zabaleta concentrator attained the best recoveries for which the results are presented in the table below.

PULACAYO DEPOSIT ZABALETA TOLL MILLING RESULTS

Material	Concentrate Grade			Recoveries		
	Pb (%)	Zn (%)	Ag (g/t)	Pb (%)	Zn (%)	Ag (%)
Lead Concentrate	47.95	12.85	6,295	64.62	16.26	72.13
Zinc Concentrate	8.47	39.45	941	9.97	43.57	8.41
Tailings	0.58	0.97	49	25.41	40.16	18.45

Total Ag recovery: 81.55%

Only one series of metallurgical tests were performed on samples from the Paca deposit. The tests were completed on three samples composited from drill cores and included feed characterization, leaching, flotation and gravity tests, in-place bulk density determination, and mineralogy. Study of the three composite samples found the silver grade varied from 44.5 g/t Ag to 228.6 g/t Ag, lead minerals 0.56% Pb to 0.8% Pb, and zinc minerals 0.05% Zn to 0.41% Zn. The other sulfide minerals identified were sulphosalts and chalcocite. Coarse native silver was detected in one of the samples. The silver minerals were amenable to cyanide leaching for most of the composite samples (i.e. 28% to 82% Ag extraction) however, extraction of silver was size dependent and improved with fineness-of-size. The lime consumption in leach varied from 0.8 to 2.4 kg/t. The NaCN consumption was dependent on both ore type and particle size, increasing with fineness of a particular size and in general, averaged ± 1.5 kg/t. Due to the presence of coarse native silver, the silver leaching was not completed in 120 hours, hence, the data was extrapolated to 240 hours leach time to project anticipated silver recovery and indicated that over 90% of silver could potentially be recovered at fine particle size for two of the three composites. Assay of the final pregnant solution from selected tests found measurable quantities of gold, hence, it is reasonable to conclude that gold is present in those samples. Some of the copper minerals present in the samples are also readily soluble in cyanide. Differential lead/zinc flotation

process recovered over 90% of silver in the combined lead and zinc concentrate for the composite assaying 228.6 g/t Ag. The flotation process shows promise of recovering silver. However, the flotation process did not recover acceptable silver values from the other composites. The gravity concentration process did not concentrate silver in the gravity concentrate, hence, it cannot be used alone as a process for recovering silver minerals. The average density was ± 2.2 gm/cc for the samples tested, but the in-place bulk densities were extremely variable for one composite (i.e., 1.79 and 2.58 gm/cc). In summary, the preliminary results were encouraging to warrant additional drilling and metallurgical testing.

Mining

Mineralization is found from the surface to at least 1,000 m depth at the Pulacayo deposit thus both surface and underground mining methods are likely. It is envisioned that surface mining will recover the oxidized ore and some sulphide ore to an elevation below which a crown pillar will be left and below which underground mining methods would start. Mineralization at the Paca deposit is found from the surface to approximately 60 m depth for the mantos-style mineralization and from approximately 10 m to 240m depth for the stockwork and vein style mineralization. Thus, it is anticipated mining will be mostly by surface methods.

Trial mining was conducted between November 2011 and May 2013 at the Pulacayo deposit. The trial mining was done to obtain geotechnical information, better understand mining dilution, obtain a large sample for process testing, and train the workforce. The mining methods included jack leg drill and blast with tracked haulage for development and drill and blast with trackless haulage for production by the shrinkage and reusing stoping methods. The haulage way was advanced and three stopes were mined. The trial mining produced 12,550 tons of ore.

Mineral Resource Estimates and Reserves

The current Pulacayo Project mineral resource estimates for the Pulacayo and Paca deposits has been extracted or summarized from the 2022 Pulacayo Technical Report.

The definition of mineral resources and associated mineral resource categories used in this TRS are based on the Canadian National Instrument 43-101 (NI 43-101) standards and defined in the CIM Definition Standards for Mineral Resources and Mineral Reserves (adopted May 2014). Mineral Resources are classified based on the density of the drill hole data, the continuity of the mineralized zones, and determining reasonable prospects for economic extraction. The mineral resource classification used in this TRS complies with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300. All assumptions, metal threshold parameters, and deposit modeling methodologies associated with the Pulacayo and Paca deposits mineral resource estimates are presented in Section 11 of this TRS.

The mineral resource estimate for the Pulacayo Project consists of separate contributing mineral resource estimates for the Pulacayo and Paca deposits and was prepared and reviewed by report authors and Qualified Persons M. Harrington, P.Geo. and M. Cullen, M.Sc. P.Geo., both of Mercator. Mr. Harrington is responsible for the Pulacayo Project mineral resource estimates both with an effective date of October 13, 2020. Geovia Surpac® Version 2020 was used to create the Pulacayo Project block models and associated geological and grade solids, and to interpolate silver-zinc-lead grades. A tabulation of the mineral resources for the Pulacayo Project is presented below in Table 1.2.

Report author M. Harrington concludes that the mineral resource estimates disclosed in this TRS for the Pulacayo Project (Pulacayo and Paca deposits) have reasonable prospects for economic extraction based on the following technical and economic factors:

Pit Constrained mineral resources were defined for each deposit within optimized pit shells developed using Geovia Whittle software utilizing the Pseudoflow algorithm;

- Sulphide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and general and administration (G&A) costs at US\$12.50 per tonne processed, and haulage costs at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Oxide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3 year trailing average Ag price of US\$16.45/Troy oz. ending in July of 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Couer Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3 year trailing averages ending in July of 2020. Silver price used for oxide zone mineral resources is US\$17/oz AG based on the same factors discussed above;
- Metal recoveries of 89.2% Ag, 91.9% Pb, and 82.9% Zn for sulphide zone mineral resources and 80% Ag recovery for the oxide zone mineral resources were used and reflect historical metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 Feasibility Study by TWP (Porter et al. 2013);
- Pit Constrained sulphide mineral resources are reported at a cut-off grade value of 30 g/t silver equivalent (AgEq – refer to metal equivalent calculation in Section 11.1.2) within optimized pit shells;
- Pit Constrained oxide mineral resources are reported at a cut-off grade value of 50 g/t silver (Ag) within optimized pits shells;
- Pit Constrained cut-off grades are based on total operating costs and reflect reasonable prospects for economic extraction using conventional open-pit mining methods; and
- Out of Pit mineral resources are reported external to the optimized pit shells at a cut-off grade of 100 g/t AgEq. Out of Pit mineral resources are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long-hole stoping techniques based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Mineral Resource Category Parameters

Definitions of mineral resources and associated mineral resource categories used in this report are those recognized under S-K 1300 as well as those recognized under NI 43-101 and set out in the CIM Standards, 2014. Only Inferred and Indicated categories have been assigned to the Pulacayo deposit. The mineral resources determined under S-K 1300 and NI 43-101 are the same.

Several factors were considered in defining resource categories, including drill hole spacing, geological interpretations and number of informing assay composites and average distance of assay composites to block centroids. Specific definition parameters for each resource category applied in the current estimate are set out below.

Measured Resource: No interpolated resource blocks were assigned to this category.

Indicated Resource: Indicated mineral resources are defined as all blocks with interpolated silver grades from the first or second interpolation passes that meet the specified Pit Constrained or Out of Pit cut-off grades.

Inferred Resources: Inferred mineral resources are defined as all blocks with interpolated silver grades from the first, second, and third interpolation passes that were not previously assigned to the Indicated category and meet the specified Pit Constrained or Out of Pit cut-off grades.

Application of the selected mineral resource categorization parameters specified above defined distribution of Indicated and Inferred mineral resource estimate blocks within the block model. To eliminate isolated and irregular category assignment artifacts, the peripheral limits of blocks in close proximity to each other that share the same category designation and demonstrate reasonable continuity were wireframed and developed into discrete solid models. All blocks within these “category” solid models were re-classified to match that model’s designation. This process resulted in more continuous zones of each mineral resource estimate category and limited occurrences of orphaned blocks of one category as imbedded patches in other category domains.

Pulacayo Deposit

Mineral Resource Estimate

Block grade, block density and block volume parameters for the Pulacayo deposit were estimated using methods described in preceding sections of this report. Subsequent application of mineral resource category parameters resulted in the Pulacayo deposit mineral resource estimate presented below in table below. Results are presented in accordance with NI-43-101 and the CIM, as well as in accordance of S-K 1300. Mineral resources are calculated in situ.

PULACAYO DEPOSIT MINERAL RESOURCE ESTIMATE – EFFECTIVE DATE: DECEMBER 31, 2021**

Pit Constrained Mineral Resources							
Cut -off	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	*Ag Eq. g/t
50 Ag g/t	Oxide	Indicated	1,090,000	125			
		Inferred	25,000	60			
30 *Ag Eq. g/t	Sulfide	Indicated	24,600,000	76	0.70	1.63	156
		Inferred	745,000	82	0.61	1.79	164
Out of Pit Mineral Resources							
100 *Ag Eq. g/t	Sulfide	Indicated	660,000	268	0.44	1.35	307
		Inferred	900,000	179	0.42	2.14	257
50 Ag g/t	Oxide	Indicated	1,090,000	125			
		Inferred	25,000	60			
30/100 *Ag Eq. g/t	Sulfide	Indicated	25,260,000	81	0.69	1.62	160
		Inferred	1,645,000	135	0.51	1.98	215

****Notes:**

Mineral resources were prepared in accordance with NI 43-101, the CIM Definition Standards (2014) CIM MRMR Best Practice Guidelines (2019) and S-K 1300.

*Ag Eq. = Silver Equivalent (Recovered) = (Ag g/t*89.2%)+(Pb%*(US\$0.95/lb. Pb/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*91.9%))+((Zn%*(US\$1.16/lb. Zn/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*82.9%)). Sulphide zone metal recoveries of 89.2% for Ag, 91.9% for Pb, and 82.9% for Zn were used in the Silver Equivalent (Recovered) equation and reflect metallurgical testing results disclosed previously for the Pulacayo deposit. A metal recovery of 80% Ag was used for oxide zone mineral resources.

Metal prices of US\$17/oz Ag, US\$0.95/lb. Pb, and US\$1.16 Zn apply. A currency exchange rate of \$1.00 to US\$0.75 applies.

Pit Constrained mineral resources are defined within an optimized pit shell with average pit slope angles of 45°. The Pulacayo deposit mineral resource estimate was optimized at a 12.3:1 strip ratio.

Base-case sulfide zone pit optimization parameters include mining at US\$2.00 per tonne; combined processing and G&A at US\$12.50 per tonne processed; and haulage at US\$0.50 per tonne.

Base-case oxide zone pit optimization parameters include mining at US\$2.00 per tonne; combined processing and G&A at US\$23.50 per tonne processed; and haulage at US\$0.50 per tonne.

Pit Constrained sulphide zone mineral resources are reported at a cut-off grade of 30 g/t Ag Eq. within the optimized pit shell and Pit Constrained oxide zone mineral resources are reported at a cut-off grade of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs used in pit optimization and are considered to define reasonable prospects for eventual economic extraction by open pit mining methods.

Out of Pit mineral resources are external to the optimized pit shell and are reported at a cut-off grade of 100 g/t Ag Eq. They are considered to have reasonable prospects for eventual economic extraction using conventional underground methods such as long hole stoping based on a mining cost of \$35 per tonne and processing and G&A cost of \$20 per tonne processed.

Combined Pit Constrained and Out of Pit mineral resources is the tonnage-weighted average summation of Pit Constrained and Out of Pit Pulacayo mineral resources.

Mineral resources were estimated using Ordinary Kriging methods applied to 1 m downhole assay composites capped at 2,300 g/t Ag, 13% Pb and 15% Zn.

Bulk density was interpolated using Inverse Distance methods.

Mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

Mineral resource tonnages have been rounded to the nearest 5,000; totals may vary due to rounding.

Pit Constrained sulphide mineral resources are reported at a cut-off value of 30 g/t Ag Eq. within the optimized pit shell and Pit Constrained oxide mineral resources are reported at a cut-off value of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs and are considered to reflect reasonable prospects for eventual economic extraction using conventional open pit mining methods. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used and metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Optimization was constrained to an elevation of 4000 asl (maximum depth of approximately 400 m below surface). The optimized pit supports a 12.3:1 strip ratio with average pit slopes of 45°.

Out of Pit mineral resources are reported external to the optimized pit shell at a cut-off grade of 100 g/t Ag Eq. They are considered to have reasonable prospects for eventual economic extraction using conventional underground mining methods such as long hole stoping based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Validation of Mineral Resource Models

Results of block modeling were reviewed in three dimensions and compared on a section by section basis with associated drill hole data. Block grade distribution was shown to have acceptable correlation with the grade distribution of the underlying drill hole data. Silver, lead, and zinc grade descriptive statistics, presented in the table below, were calculated for all interpolated blocks at a zero cut-off value and were compared to the values of the combined assay composite population (100 g/t Ag domain and 45 g/t Ag Eq. domain). Average grades compare favorably between the composite and block populations. As expected, the large block grade population is characterized by lower coefficient of variation, standard deviation and variance values than those of the assay composite population.

COMPARISON OF PULACAYO DEPOSIT BLOCK AND COMPOSITE VALUES

Parameter	Capped Composite Values			Block Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	75.63	0.65	1.45	89.71	0.68	1.5
Maximum Grade	2,300	13	15	1,559	7.03	12.46
Minimum Grade	0	0	0	0	0	0
Variance	41,141	1.432	3.25	15,408	0.6	1.66
Standard Deviation	203	1.2	1.8	124	0.77	1.29
Coefficient of Variation	2.68	1.84	1.25	1.38	1.14	0.86
Number of Samples	10,168	10,168	10,168	4,196,877	4,196,877	4,196,877

Block volume estimates for each mineral resource solid were compared with corresponding solid model volume reports generated in Surpac and results show good correlation, indicating consistency in volume capture and block volume reporting. Mercator created swath plots in the easting and vertical directions comparing average composite grades and global mass weighted block grades.

Tonnage and Grade Sensitivity

Tonnages and average grades at various Ag Eq. cut-off grades are presented in the tables below for Pit Constrained and Out of Pit sulphide mineral resources and tonnages and average grades at various Ag cut-off grades for Pit Constrained oxide mineral resources. Approximately 95% of the Pit Constrained sulphide mineral resource is retained at a cut-off grade of 60 g/t Ag Eq., double the mineral resource cut-off grade of 30 g/t Ag Eq. Similarly, approximately 90% of the Out of Pit sulphide mineral resource is retained at a cut-off grade of 150 g/t Ag Eq. when compared to the mineral resource cut-off grade of 100 g/t Ag Eq. Significant tonnages are present at higher cut-off grades for Pit Constrained sulphide mineral resources and, when combined with Out of Pit sulphide mineral resources, demonstrate potential for higher grade bulk tonnage underground mining scenarios. Pit Constrained oxide mineral resources demonstrate a high sensitivity to Ag cut-off grade.

PULACAYO DEPOSIT PIT CONSTRAINED SULPHIDE ZONE SENSITIVITY ANALYSIS

Cut-off Grade (Ag Eq. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	Ag Eq. g/t
15	Indicated	24,710,000	76	0.70	1.62	155
	Inferred	755,000	81	0.60	1.77	162
*30	Indicated	24,600,000	76	0.70	1.63	156
	Inferred	745,000	82	0.61	1.79	164
60	Indicated	20,660,000	88	0.79	1.80	176
	Inferred	665,000	88	0.66	1.95	178
90	Indicated	13,700,000	121	0.99	2.17	227
	Inferred	290,000	154	0.97	3.62	312
150	Indicated	7,295,000	201	1.35	2.59	327
	Inferred	205,000	205	1.15	4.33	391
Cut-off Grade (Ag Eq. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	Ag Eq. g/t
200	Indicated	5,385,000	249	1.54	2.75	383
	Inferred	180,000	230	1.22	4.57	426
300	Indicated	3,255,000	315	1.88	3.18	471
	Inferred	130,000	286	1.37	4.82	491
400	Indicated	1,860,000	387	2.25	3.62	565
	Inferred	105,000	297	1.46	5.29	521

*Mineral resource Estimate cut-off grade highlighted

PULACAYO DEPOSIT OUT OF PIT SULPHIDE ZONE SENSITIVITY ANALYSIS

Cut-off Grade (Ag Eq. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	Ag Eq. g/t
75	Indicated	880,000	211	0.38	1.34	253
	Inferred	1,250,000	137	0.36	1.92	209
*100	Indicated	660,000	268	0.44	1.35	307
	Inferred	900,000	179	0.42	2.14	257
150	Indicated	530,000	321	0.49	1.3	354
	Inferred	680,000	220	0.46	2.25	300
200	Indicated	435,000	359	0.53	1.41	394
	Inferred	505,000	260	0.54	2.37	343

Cut-off Grade (Ag Eq. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	Ag Eq. g/t
300	Indicated	290,000	429	0.64	1.63	468
	Inferred	310,000	327	0.72	2.23	403
400	Indicated	180,000	490	0.74	1.93	538
	Inferred	165,000	384	0.99	2.01	455

*Mineral resource Estimate cut-off grade highlighted

Previous Mineral Resource Estimate

The current mineral resource estimate is the 8th mineral resource estimate prepared for the Pulacayo deposit under National Instrument 43-101 and in accordance with CIM Standards applicable at the respective effective dates. The first 4 estimates pre-date the Company's acquisition of the Pulacayo Project and are noted in report section 6. The fifth and sixth estimates were prepared on behalf of Prophecy, the Company's precursor, and are noted in report section 9. The two most recent previous mineral resource estimate for the Pulacayo deposit were prepared by Mercator and is described in a NI 43-101 technical report prepared for Silver Elephant Mining Corp. that is titled "Mineral Resource Estimate Technical Report for the Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia, Effective Date: October 13, 2020" and a S-K 1300 Technical Report Summary for the Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia, Effective Date: April 29, 2022. These reports are referenced herein as the 2020 Pulacayo Technical Report and the 2022 Pulacayo Technical Report, respectively and are filed on SEDAR. Results of the mineral resource estimate supported by the 2022 technical report are briefly discussed below relative to results of the current mineral resource estimate.

The 2022 Pulacayo Technical Report mineral resource estimation program applied methodologies specifically aimed at defining high grade silver mineralization and minimizing potential dilution of metal grade by adjacent lower grade tonnes. For these reasons, results of the resulting mineral resource estimates differ substantially from current 2020 results by having higher metal grades, thinner mineralized zone solids and significantly lower tonnages defined at higher cut-off values. In contrast, the emphasis of the current mineral resource estimation program was definition of mineral resources having potential for economic extraction in the foreseeable future using primarily open pit mining methods. However, the sensitivity analysis of the current mineral resource estimate shows comparable mineral resources defined at the 400 g/t Ag Eq. cut-off value to those defined at that same cut-off value in the 2022 mineral resource estimates. The slight decrease in average grades and tonnes at that cut-off value is associated with several factors, including but not necessarily restricted to, a difference in interpolation methods, grade domain cut-off values, and evolution of the underground workings model. The value (pricing) of silver is comparable between the current mineral resource and the 2022 assessments. The 2022 mineral resource estimate for the Pulacayo deposit has been superseded by the current mineral resource estimate for the deposit.

Paca Deposit

The Pulacayo and Paca deposits are related to the same mineralizing event that is associated with development of the associated Paca and Pulacayo volcanic centers. The Paca deposit is spatially related to the contact zone of the Paca volcanic dome which is comprised of porphyritic andesite and dacite units and related volcanic breccias. These are hosted by fine grained to conglomeratic volcanoclastic lithologies of the Quehua Formation. Silver-zinc-lead mineralization at Paca occurs primarily within an argillic to advanced argillic alteration envelope that affects both Paca dome igneous lithologies and surrounding host sequences. Silicification and alunite development are also well developed in association with some portions of the deposit. The Paca deposit presents a core zone of mineralization that correlates closely with an irregularly shaped body of altered and brecciated andesite and country rocks that closely follows the contact zone between the Paca dome andesite and the shallowly north-dipping host volcanoclastic sequence. Adjacent to this, stratabound replacement style ("mantos") mineralization is present within the shallowly north-dipping host volcanoclastic sequence at several elevations. Mantos mineralization merges with that seen in the central breccia zone but is typically lower in all metal grades. A polyolithic conglomerate unit that outcrops in the deposit area is also mineralized and shows a strong imprint of silicification represented by micro-crystalline replacement style silica in various forms.

Mineralization associated with discrete veins of significant width and lateral extent is not pervasively present at Paca. Mineralization more typically occurs in irregularly spaced discrete fracture systems as well as in matrix replacement sites. The mantos style mineralization is primarily represented as finely disseminated, fine grains and aggregates of silver, lead and zinc sulphide and sulphosalt phases, accompanied by others such as manganese oxide and barite. Argillic to advanced argillic alteration phases are pervasively present in areas of significant metallic mineralization. Mineral phases commonly recognized at Paca in association with metal grades of economic interest include sphalerite, galena, silver sulphosalts, tennantite, smithsonite, barite, manganese oxide, gypsum, jarosite, specularite, cerussite, dolomite aragonite and calcite. The style and occurrence of this mineralization is consistent with a low-to-intermediate epithermal style genetic model.

The Paca deposit resource is reported in the Mineral Resource Estimate Technical Report for the Pulacayo Project that describes mineral resources estimated following the CIM Standards, 2014 and S-K 1300. The Mineral Resource Estimate has an effective date of December 31, 2021.

The Mineral Resource Estimate was prepared by Mercator under the supervision of Matthew Harrington, P. Geo., who is an independent Qualified Person as defined under NI 43-101 and S-K 1300. A contained metal summary based on the Mineral Resource Estimate for the Paca deposit is reported below:

PACA DEPOSIT PIT-CONSTRAINED MINERAL RESOURCE ESTIMATE EFFECTIVE DATE DECEMBER 31, 2021**

Cut-off Grade	Zone	Category	Rounded Tonnes	Ag g/t	Zn %	Pb %	Ag Moz	Zn Mlbs	Pb Mlbs	*AgEq Moz	*AgEq g/t
50 Ag g/t	Oxide In-Pit	Indicated	1,095,000	185			6.5				
		Inferred	345,000	131			1.5				
30 *AgEq g/t	Sulfide In-Pit	Indicated	20,595,000	46	1.07	0.67	30.5	485.8	304.2	70.2	106
		Inferred	3,050,000	46	0.76	0.65	4.5	51.1	43.7	9.2	94
Total:		Indicated	21,690,000				37	485.8	304.2	70.2	
		Inferred	3,395,000				6	51.1	43.7	9.2	

**See detailed notes on the Mineral Resource Estimate parameters under preceding Table titled "Pulacayo Deposit Mineral Resource Estimate - Effective Date October 13, 2020"

Sensitivity analysis shown in the following two tables illustrates various pit-constrained grade-tonnage scenarios at the Paca deposit based on a range of cut-off grades:

PACA DEPOSIT PIT-CONSTRAINED CUT-OFF GRADE SENSITIVITY REPORT FOR OXIDE ZONE

Cut -off Grade	Category	Rounded Tonnes	Ag g/t	Zn %	Pb %	Ag Moz	Zn Mlbs	Pb Mlbs	*AgEq Moz	AgEq g/t
30 Ag g/t	Indicated	1,805,000	128			7.4				
	Inferred	500,000	102			1.6				
45 Ag g/t	Indicated	1,225,000	170			6.7				
	Inferred	375,000	124			1.5				
90 Ag g/t	Indicated	800,000	231			5.9				
	Inferred	235,000	159			1.2				
200 Ag g/t	Indicated	420,000	311			4.2				
	Inferred	55,000	285			0.5				
400 Ag g/t	Indicated	80,000	493			1.3				
	Inferred	5,000	459			0.1				

Note: Cut-off grade for pit-constrained oxide mineral resources is 50 g/t Ag.

PACA DEPOSIT PIT-CONSTRAINED CUT-OFF GRADE SENSITIVITY REPORT FOR SULFIDE ZONE

Cut -off Grade	Category	Rounded Tonnes	Ag g/t	Zn %	Pb %	Ag Moz	Zn Mlbs	Pb Mlbs	*AgEq Moz	AgEq g/t
30 AgEq g/t	Indicated	20,595,000	46	1.07	0.67	30.5	485.8	304.2	70.2	106
	Inferred	3,050,000	46	0.76	0.65	4.5	51.1	43.7	9.2	94
45 AgEq g/t	Indicated	19,315,000	48	1.11	0.69	29.8	472.7	293.8	68.3	110
	Inferred	2,650,000	51	0.81	0.7	4.4	47.3	40.9	8.7	102
90 AgEq g/t	Indicated	8,600,000	87	1.38	0.95	24.1	261.6	180.1	45.4	164
	Inferred	950,000	114	0.94	0.95	3.5	19.7	19.9	5.2	171

Note: Mineral resource estimate cut-off grade **bolded**.

Cut -off Grade	Category	Rounded Tonnes	Ag g/t	Zn %	Pb %	Ag Moz	Zn Mlbs	Pb Mlbs	*AgEq Moz	AgEq g/t
200 AgEq g/t	Indicated	1,810,000	256	1.22	1.22	14.9	48.7	48.7	18.5	318
	Inferred	190,000	338	0.61	0.98	2.1	2.6	4.1	2.2	360
400 AgEq g/t	Indicated	300,000	490	1.38	1.47	4.7	9.1	9.7	5.2	542
	Inferred	50,000	545	0.39	0.82	0.9	0.4	0.9	0.9	530

Note: Mineral resource estimate cut-off grade **bolded**.

Mineral Reserve Estimates

No mineral reserves have been defined to date by the Company for the Pulacayo and Paca deposits.

Environmental

The Company, through acquisition of ASC and later transfer of the environmental license, has a valid and in force environmental license issued by the Bolivian Ministry of Environment and Water that is valid to 2023 for the Pulacayo licenses. The license allows for construction of a mine and concentrator with capacities up to 560 tons per day. Granting of the environmental license includes approval of the Environmental Impact Evaluation Study and Environmental Base Line Audit. Bolivian environmental law absolves the Company of environmental liability created by its predecessors.

The Pulacayo Project's current environmental operating requirements are set out in compliance with the Environment Law (Law N° 1333) and the Environmental Regulation for Mining Activities. A certificate of exemption was obtained for the exploration phase and an audit of the Environmental Base Line (ALBA) was carried out between December 2007 and July 2008 by Mining Consulting & Engineering "MINCO S.R.L.", a Bolivian based professional consulting firm with broad exposure to the mining industry. Its audit report summarized the work carried out during the Environmental Assessment by Apogee and includes 1) a compilation of information on the local vegetation, animals, soil, water, air, etc., including collection of more than 500 samples in the area of interest to support the conclusions and recommendations of the report; 2) an evaluation of the social impact of the project; 3) an evaluation of the area contaminated during previous mining activities, including tailings, abandoned facilities, acid waters, scrap, etc.; and 4) an evaluation of other environmental liabilities.

The very long production history of the Pulacayo site, which in part is not fully documented, has potentially resulted in mining or milling associated site contamination issues related to waste rock or tailings deposit distributions that are not fully defined at this time. These may be additional to the areas of such concern identified in environmental permitting activities completed to date. Future issues associated with these should be considered project risks that may require management as the project progresses. Additional issues with site contamination associated with historical and recent site operations carried out by, or on behalf of, COMIBOL that are related to that firm's infrastructure at the site may also pose future project risk that should be monitored. Potential impacts of poorly or undocumented site operations by the local mining cooperative may also require management as the project progresses.

On May 25, 2011 Apogee was awarded an environmental licence by the Bolivian authorities sanctioning mining operations at its Pulacayo project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP) allows for the extraction of up to 200 tonnes per day from underground for stockpiling and transporting for off-site processing. This permit is still in effect at the effective date of this report.

On September 25, 2013 Apogee was awarded by the Bolivian Ministry of Water and Environment the Environment Impact Declaration certificate which shows that the Bolivian environmental authorities approved the Environmental Impact Assessment (“EIA”) which permits establishment of mining, milling and tailings facilities on the Pulacayo site of sufficient size to support milling operations of up to 560 tonnes per day. The application to obtain this permit was applied by Apogee on December 17, 2012. The submission was the result of over 30 months of technical studies and consultations, including a comprehensive water management plan, the feasibility study, archeological studies, flora and fauna studies, mine closure planning, social baseline studies, and results from two years of public consultations with local communities. All permits previously granted to Apogee currently remain in effect for the Company.

On May 25, 2011 Apogee was awarded an environmental licence by the Bolivian authorities sanctioning mining operations at its Pulacayo project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP) allows for the extraction of up to 200 tonnes per day from underground for stockpiling and transporting for off-site processing. This permit is still in effect at the effective date of this report.

On November 12, 2018 ASC Bolivia LDC Sucursal Bolivia was awarded an updated environmental licence by the Bolivian authorities sanctioning mining operations at its Paca project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP) which allows exploration activities. This permit is still in effect.

Agreements and permits currently in place for the Pulacayo project provide authority to carry out the Pulacayo and Paca deposit area exploration work programs recommended in this report. They also provide access for development of certain mining, milling and tailings infrastructure for the Pulacayo deposit, subject to site environmental directives.

Project Risks and Mitigation

The major risks to developing the Pulacayo Project include the inability to obtain financing, decreases in metal prices, and adverse political and social changes. The inability to obtain financing will be mitigated through pursuit of equity investors and cash flow from sale of available material. The risk from decrease in metal prices will be mitigated by the timing of the project in that the start of the project is at the time of lowest metal prices in several years and concentrate sales will start when metal prices are projected to be much higher. Adverse political and social changes are also mitigated by the timing of the project. The national government has started to become much more supportive of mining and recently the local government and population have shown strong support for re-starting the mine.

Legacy Financial Obligations

As part of the transaction with Apogee, we agreed to assume, within certain limitations, all liabilities associated with the Apogee Subsidiaries and the Pulacayo Project. During 2014, Apogee received notice from the national tax authority in Bolivia alleging that its wholly owned subsidiary ASC owes approximately Bs42,000,000 (equaling in an amount originally assessed at approximately \$7,600,000 in 2004) of taxes, interest and penalties relating to a historical tax liability. The Company continued to dispute the assessment and hired local legal counsel to pursue an appeal of the tax authority’s assessment on both substantive and procedural grounds. On May 26, 2015, the Company received a positive “resolution” issued by the Bolivian Constitutional Court that declared null and void the previous resolution of the Bolivian Supreme Court issued in 2011 and sent the matter back to the Supreme Court to consider and issue a new resolution.

On December 4, 2019, the Company received the 2019 Resolution issued by the Supreme Court of Bolivia which declares that the contentious tax claim of US\$ 6,556,787 brought by Bolivia’s General Revenue Authority against the Company’s Bolivian subsidiary is not proven.

Three Year Recent Activities & Updates

2019

In September of 2019 the Company initiated its first drilling program at the Paca deposit area. The program was completed in October of 2019, and consisted of 7 drill holes. The complete detailed composited drill intersections of mineralization are tabulated in the following table:

Hole	From (m)	To (m)	Length (m)	Ag (g/t)	Zn %	Pb %	AgEq
PND107							
Interval:	55	109	54	151	1.01	1.17	238
<i>including ...</i>	70	77	7	178	0.97	1.37	271
<i>and ...</i>	70	109	39	180	1.2	1.34	283
<i>and ...</i>	87	109	22	240	1.23	1.65	355
PND108							
	15	65	50	135	0.4	1.42	208
<i>including ...</i>	33	57	24	200	0.6	2.12	307
<i>and ...</i>	33	43	10	257	0.41	1.49	333
Interval:	94	96	2	160	0.94	0.52	220
PND109							
Interval:	15	43	28	242	0.27	0.69	281
<i>including ...</i>	20	29	9	391	0.26	1.1	445
<i>and ...</i>	24	26	2	1223	0.42	3.2	1365
<i>and ...</i>	37	43	6	282	0.31	0.52	315
	75	173	98	15	2.47	1.28	168
<i>including ...</i>	93	94	1	167	3.64	1.24	367
PND110							
Interval:	9	182	173	95	1.63	1.4	273
<i>including ...</i>	9	98	89	279	1.28	1.17	378

Hole	From (m)	To (m)	Length (m)	Ag (g/t)	Zn %	Pb %	AgEq
and...	9	28	19	718	0.05	0.74	749
and...	9	12	3	145	0.07	0.9	183
and...	16	28	12	1085	0.04	0.71	1115
and...	44	180	138	87	1.59	2.01	233
and...	44	46.5	2.5	111	0.61	1.09	179
and...	44	98	54	98	2.03	1.52	343
and...	52	54	2	115	1.61	1.33	234
and...	60	82	22	328	1.98	1.43	466
and...	61	65	4	1248	1.93	2.88	1441
and...	86	94	8	270	2.83	2.74	495
and...	97	98	1	155	3.26	3.03	409
PND111							
Interval:	0	2.4	2.4	110	0.16	0.58	139
PND112							
Interval:	12	28	16	154	0.08	0.39	173
including...	21	22	1	890	0.05	0.31	904
Interval:	33	36	3	120	0.07	2.4	216
Interval:	43	44.6	1.6	100	0.23	1.58	171
PND113							
Interval:	3	28	25	196	0.04	0.29	209
including...	3	17	14	185	0.04	0.38	202
and...	21	28	7	310	0.04	0.19	320

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths are estimated at approximately 77% of reported core lengths. Silver equivalents reported are calculated above do not assume metallurgical recoveries and were calculated using AgEq. (g/t) = Ag (g/t) % + (Pb% *(US\$0.94/lb. Pb /14.583 Troy oz./lb./US\$16.50 per Troy oz. Ag)*10,000) + (Zn% *(US\$1.00/lb. Zn/14.583 Troy oz./lb./US\$16.50 per Troy oz. Ag)*10,000). Metal prices used in this silver equivalent calculation are US\$16.50/Troy oz. Ag, US\$0.94/lb. Pb and US\$1.00/lb. Zn.

The Company adopts industry recognized best practices in its implementation of QA/QC methods. A geochemical standard control sample and one blank sample is inserted into the sample stream every 20th sample. Duplicates are taken at every 40th sample. Standards and duplicates including lab duplicates and standards are analyzed using Thompson-Howarth plots. Samples are shipped to ALS Global Laboratories in Ururo, Bolivia for preparation, and then shipped to ALS Global laboratories for analysis in Lima, Peru. Samples were analyzed using intermediate level four acid digestion. Silver overlimits are analyzed using fire assay with a gravimetric finish. ALS Laboratories sample management system meets all requirements of International Standards ISO/IEC 17025:2017 and ISO 9001:2015. All ALS geochemical hub laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures.

All samples are taken from HQ-diameter core which split in half by a diamond-blade masonry saw. One-half of the core is submitted for laboratory analysis and the other half is preserved on the Company's secured core facility for reference. All core is geotechnically analyzed, photographed and then logged by geologists prior to sampling.

During the year ended December 31, 2019, the Company assessed whether there was any indication that the previously recognized impairment loss in connection with the Pulacayo Project may no longer exist or may have decreased. The Company noted the following indications that the impairment may no longer exist:

- The Company signed a mining production contract granting the Company the 100% exclusive right to develop and mine at the Pulacayo Project;
- The Company renewed its exploration focus to develop the Pulacayo Project in 2020;
- The Company re-initiated active exploration and drilling program on the property;
- Completed a positive final settlement of Bolivian tax dispute.

As the Company identified indications that the impairment may no longer exist, the Company completed an assessment to determine the recoverable amount of the Pulacayo Project.

In order to estimate the fair-value of the property the Company engaged a third-party valuation consultant and also utilized level 3 inputs on the fair value hierarchy to estimate the recoverable amount based on the property's fair value less costs of disposal determined with reference to dollars per unit of metal in-situ.

With reference to metal in-situ, the Company applied US\$0.79 per ounce of silver resource to its 36.8 million ounces of silver resources and US\$0.0136 per pound of zinc or lead in resource to its 303 million pounds of zinc and lead.

The Company also considered data derived from properties similar to the Pulacayo Paca Property. The data consisted of property transactions and market valuations of companies holding comparable properties, adjusted to reflect the possible impact of factors such as location, political jurisdiction, commodity, geology, mineralization, stage of exploration, resources, infrastructure and property size.

As the recoverable amount estimated with respect to the above was \$31.4 million an impairment recovery of \$13,708,200 was recorded during the year ended December 31, 2019.

2020

Diamond Drilling

Drilling that began at the Pulacayo deposit in December of 2019 was completed in February of 2020. The Company announced its first set of results on January 21, 2020, from borehole PUD 267 which intercepted 10 meters of mineralization grading 147 g/t silver, 9.8% zinc, and 2.0% lead (539 g/t AgEq) within 35.5 meter mineralization grading 230 g/t AgEq starting 31.5 meters downhole.

On March 6, 2020, the Company released additional results from its first 2,598 meters of drilling, which focused on the western portion of the Pulacayo Project and on August 11, 2020, the Company announced further diamond infill drilling results from the Pulacayo Project. Complete results of all first phase 2020 drilling are tabulated below:

Hole ID	From (m)	To (m)	Interval (m)	Ag (g/t)	Zn (%)	Pb (%)	AgEq
PUD267*	31.5	67	35.5	54.3	4.31	0.92	229.6
<i>including...</i>	117	123	6	47.8	1.11	0.25	89.7
PUD268	21	23	2	20	1.34	0.77	92.6
PUD274	75	77	2	93.5		0.42	98.8
PUD274	82	83	1	83		0.09	77.4
PUD283	248	350	102	145	2.56	1.05	255
<i>including..</i>	248	282	34	9	1.05	0.22	52
<i>and...</i>	282	297	15	35	2.99	0.4	148
<i>and...</i>	297	310	13	157	5.15	1.47	370
<i>and...</i>	310	317	7	225	3.74	1.15	371
<i>and...</i>	317	322	5	1565	3.85	8.25	1825
<i>and...</i>	322	329	7	134	1.73	1.18	222
<i>and...</i>	329	350	21	76	2.65	0.82	188
PUD284	30.5	204.2	173.7	15	0.67	0.28	46
<i>including...</i>	30.5	55	24.5	3	2.45	0.1	20
<i>and...</i>	55	65	10	113	2.11	1.93	243
<i>and...</i>	65	79	14	13	1.2	0.44	69
<i>and...</i>	79	101	22	4	0.36	0.11	20
<i>and...</i>	101	204.2	103.2	10	0.59	0.18	36
<i>PUD284</i>	206.3	273	66.7	112	1.94	0.46	182
Interval:	206.3	240	33.7	46	2.12	0.41	129
Interval:	240	256	16	79	2.7	0.72	189
Interval:	256	273	17	274	1.13	0.33	295
<i>PUD284</i>	282	318	36	26	1.01	20	70
<i>including...</i>	282	288	6	13	0.94	0.27	54
<i>and...</i>	288	300	12	60	1.48	0.61	127
<i>and...</i>	300	318	18	7	0.72	0.18	38

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths are estimated at approximately 61% of reported core lengths. Silver equivalent is calculated as follows: Ag Eq. (g/t) = Ag (g/t)*89.2% + (Pb% *(US\$0.94/ lb. Pb /14.583 Troy oz/lb./US\$16.50 per Troy oz. Ag)*10,000*91.9%) + (Zn% *(US\$1.00/lb. Zn/14.583 Troy oz/lb./US\$16.50 per Troy oz. Ag)*10,000*82.9). This calculation incorporates metallurgical recoveries from test work completed for Pulacayo in 2013 by Universidad Tecnica de Oruro (UTO), in Oruro and La Paz, Bolivia as well as at Maelgwyn Mineral Services Africa (MMSA) in Roodepoort, South Africa.

Drilling was commenced and completed in October 2020 at the Paca deposit. A 545 meter program focused on potential reinterpretation of the geology in the area. Geological mapping identified additional structures in the Paca area that may run oblique to the main east-west trending structure. In this program, 5 holes were drilled diagonally to test possible oblique structures for 'blind' mineralization that might have previously gone undetected. Significant results are shown below:

Hole ID	From	To	Length (m)	Ag (g/t)	Zn %	Pb %	AgEq*
PND114	1.5	18.0	16.5	43	0.11	0.36	55
PND115	3.0	69.0	66.0	48	0.10	0.80	75
PND116	7.0	37.0	30.0	23	0.15	0.42	41
PND117	51.0	82.0	31.0	3	0.45	0.31	31
PND118	18.0	38.0	20.0	25	0.09	0.09	29
PND118	67.0	179.0	112.0	15	0.50	0.48	50
<i>including...</i>	133.0	143.0	10.0	61	0.65	0.37	93

(* Silver equivalent ("AgEq") calculation is based on NI43-101 compliant 2020 resource report completed for the Paca deposit by Mercator Geological Services (see Company's press release dated October 13th, 2020). Silver equivalent is calculated as follows: Ag Eq. = Silver Equivalent (Recovered) = (Ag g/t*89.2%)+(Pb%*(US\$0.95/lb. Pb/14.583 Troy

oz./lb./US\$17 per Troy oz. Ag)*(10,000*91.9%)+(Zn%*(US\$1.16/lb. Zn/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*82.9%)) and assumed metallurgical recoveries. Metal prices of US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn apply.

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range from 77% to 86% of the reported core length.

PND 114, 115, 118 drilled tested oblique structures parallel to the main east-west trend and discovered new mineralized zones.

PND 114 intersected 16.5 meters of mineralization grading 55g/t silver equivalent that is to the north of the Paca north zone.

PND 115 intercepted 66 meters of mineralization grading 75g/t silver equivalent between Paca main zone and Paca north zone, which are 250 meters apart.

PND 118 was drilled at the eastern edge of the Paca main zone and intersected 112 meters of mineralization grading 50 g/t silver equivalent.

The Company adopts industry recognized best practices in its implementation of QA/QC methods. A geochemical standard control sample and one blank sample is inserted into the sample stream every 20th sample. Duplicates are taken at every 40th sample. Standards and duplicates including lab duplicates and standards and are analyzed using Thompson-Howarth plots. Samples are shipped to ALS Global Laboratories in Ururo, Bolivia for preparation, and then shipped to ALS Global laboratories for analysis in Lima, Peru. Samples were analyzed using intermediate level four acid digestion. Silver overlimits are analyzed using fire assay with a gravimetric finish. ALS Laboratories sample management system meets all requirements of International Standards ISO/IEC 17025:2017 and ISO 9001:2015. All ALS geochemical hub laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures.

All samples are taken from HQ-diameter core which split in half by a diamond-blade masonry saw. One-half of the core is submitted for laboratory analysis and the other half is preserved on the Company's secured core facility for reference. All core is geotechnically analyzed, photographed and then logged by geologists prior to sampling.

District Exploration

In March 2020 the Company further announced that it had commenced district exploration program at its Pulacayo Project. The Company would be conducting geological mapping, with relevant sampling and possible trenching on the property. Induced polarization geophysics would also be conducted in tandem with the field program, with 106 line-kilometers of survey having been outlined.

In July 2020, the Company announced results of rock chip samples taken from the San Leon underground tunnel. This geological sampling and mapping program are part of an ongoing district exploration program announced on March 9, 2020, at the Company's Pulacayo Silver Project in Bolivia. A total of 113 chip samples were collected at intervals of from 0.85 to 3.0 meters to better characterize the geology and alteration of the San Leon tunnel, which continues for 3km to the south of the mapping area, passing through the Company's existing NI43-101 Pulacayo resource and connects to the town of Pulacayo. The tunnel also extends to the north for 1 km where historically the Pulacayo mine's ore was carted for smelting during the 1800's. Sample results are tabulated below:

Sample ID	TYPE	Azimuth	WIDTH (m)	Ag ppm	Pb %	Zn %	Ag Eq. ppm	Structure	DIP_DIR	DIP
3879	Chip	350	1.5	400	0.876	0.929	420	Breccia	20	80
3883	Chip	350	0.9	77	0.342	0.287	91	Fault	0	72
3881	Chip	7	1.8	25	0.137	0.127	32	Contact	345	78
3878	Chip	13	0.9	5	0.306	0.399	29	Veinlets	0	85
3882	Chip	338	1.8	17	0.18	0.074	24	Veinlets	350	65
3880	Chip	5	1.9	6	0.132	0.102	14	Veinlets	345	65

Mapping identified a vein system trending in a roughly east-west direction at the Pacamayo zone ("Veta Pacamayo"). The vein system measures approximately 175 meters in width south to north in the tunnel and is situated 1.3 kilometers north of the Pulacayo resource and 5km south of Paca resource. Highlights of the tunnel chip samples taken in Veta Pacamayo include 420g/t AgEq* over 1.5 meters and 91g/t AgEq over 0.9 meters.

The Pulacayo TVS (Veta Pulacayo) that hosts the Company's indicated silver resource of 30.4 million oz @ 455g/t and inferred resource of 6.3 million oz at 406 g/t likewise trends roughly east-west, indicating that the Veta Pacamayo represents a parallel system that has seen very little exploration to date.

Geological mapping also identified a transition in the intensity of alteration (argillic-style) along the San Leon tunnel. Highest intensity alteration occurs in the Veta Pulacayo, and Veta Pacamayo areas and coincides with the highest observed chip sample silver values.

(*) Silver equivalent is calculated as follows: $Ag\ Eq.(g/t) = Ag\ (g/t)*89.2\% + (Pb\ \% * (US\$0.94 / lb. Pb / 14.583\ Troy\ oz./lb./US\$16.50\ per\ Troy\ oz. Ag) * 10,000 * 91.9\%) + (Zn\ \% * (US\$1.00/lb. Zn/14.583\ Troy\ oz./lb./US\$16.50\ per\ Troy\ oz. Ag) * 10,000 * 82.9\%)$. This calculation incorporates metallurgical recoveries from test work completed for the Pulacayo Project in 2013.

In September 2020 geological mapping was conducted in the Pero area of the Pulacayo Project. Pero is located to the southeast of the TVS that hosts the Pulacayo deposit. Geological mapping and surface sampling identified an area of silver bearing surface mineralization of up to 200 g/t silver several hundreds of meters south of the projected east-west TVS trend, suggesting that the TVS was offset southward in this portion of the system where strong alteration can be observed at surface covering 250 meters by 100 meters wide. This reinterpreted surface projection of the TVS coincides with some historic Spanish workings in that area of property that date back to the 16th Century. Highlights of assay results from recent surface samples at Pero are tabulated below:

Sample ID	Type	Azimuth	Width (m)	Ag (g/t)	Zn%	Pb%
1313	Chip	210	3	200	0.1	0.1
1314	Chip	195	1.2	200	0.1	0.01
1295	Chip	340	3	164	0.0164	0.0164
1297	Chip	320	1.4	132	0.0132	0.0132
1315	Chip	200	2.9	100	0.01	0.01
1301	Chip	240	4	72	0.0072	0.0072
1303	Chip	200	6.4	67	0.0067	0.0067

Sample ID	Type	Azimuth	Width (m)	Ag (g/t)	Zn%	Pb%
1323	Chip	20	4	50	0.005	0.005
1304	Chip	150	3.7	46	0.0046	0.0046

2021

Diamond Drilling

In December 2020 the Company commenced a 940 meter diamond drilling program at the Pero target within its Pulacayo Project in Bolivia. Pero is located at the easternmost portion of the Pulacayo deposit and is the least understood area geologically. Field work in 2020 identified potential structural remobilization in this area that might explain the erratic nature of mineralization within the TVS as it occurs in this area of the property. A summary of results from this drilling is tabulated below:

BHID	From (m)	To (m)	Length (m)	Ag (g/t)	Pb %	Zn %	AgEq* (g/t)
PUD285	30.6	44.6	14.0	43	0.19	0.02	46
PUD 285	143.0	191.0	48.0	10	0.11	0.17	23
PUD 286	99.0	124.0	25.0	18	0.33	0.09	32
PUD 286	148.0	152.0	4.0	393	3.79	0.88	518
PUD 286	174.0	183.0	9.0	20	0.13	0.05	25
PUD 287	56.0	78.0	22.0	43	0.23	0.02	48
PUD 287	127.0	139.0	12.0	15	0.01	0.01	15

*Ag Eq. = Silver Equivalent (Recovered) = (Ag g/t*89.2%)+((Pb%*(US\$0.95/lb. Pb/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*91.9%))+((Zn%*(US\$1.16/lb. Zn/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*82.9%)). Sulphide zone metal recoveries of 89.2% for Ag, 91.9% for Pb, and 82.9% for Zn were used in the Silver Equivalent (Recovered) equation and reflect metallurgical testing results disclosed previously for the Pulacayo Deposit. Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range from 75% to 85% of the reported core length.

Through 2021 the Company conducted additional drilling over different areas of the property to test several induced polarization targets that were identified through a geophysical program. A total of 1,972m were drilled with no significant results found through these efforts.

During the year ended December 31, 2021, the Company:

- reported drilling at the Pulacayo Projects continued past 1,972m of its 2,000 m drill program and Triunfo Project grab samples assayed up to 294 g/t silver.
- started a 2,000-meter drilling program at Pulacayo Project The goal is to expand Pulacayo's silver resource base, which currently stands at 106.7 million oz of indicated silver and 13.1 million oz of inferred silver according to an independent technical report by Mercator Geological Partners, effective October 13, 2020, and available on sedar.com. (Details provided in Company's news release dated October 13, 2020).
- identified of a large linear anomaly measuring over 1,400 meters in length, up to 250 meters wide, starting at a depth of approximately 250 meters from surface at its Pulacayo silver project in Potosi department, Bolivia.

GIBELLINI PROJECT, NEVADA, U.S.A.

The Company previously held an interest in the Gibellini Project which is no longer held by the Company as a result of the Arrangement. The Company held its 100% interest in the Gibellini Project by way of a lease agreement and staked claims. Claims are in the name of the Company's indirect, wholly-owned Nevada subsidiaries, VC Exploration (US), Inc. ("VC Exploration") and Nevada Vanadium, LLC ("Nevada Vanadium").

Project Location

The Gibellini Project consists of a total of 587 unpatented lode mining claims that includes: the Gibellini group of 40 claims, the VC Exploration group of 105 claims, the Bisoni group of 201 claims and the Company group of 241 claims. The Gibellini Project is located in Eureka County, Nevada, as well as 28 of the Bisoni group of claims, with the remaining 173 claims extending southwest into Nye County, Nevada. They are located approximately 25 miles south of the town of Eureka and are easily accessed from US Highway 50 to a paved road that becomes a graded, gravel road.

The Gibellini Project is situated on the south east flank of the Fish Creek Range in the Fish Creek Mining District, about 25 miles south of Eureka, Nevada and is accessed by dirt road extending westward from State Route 379.

History

The Gibellini group of claims were acquired on June 22, 2017, through leasehold assignments from the claimant and then-holder of the Gibellini mineral claims (the “Gibellini Lessor”) and includes an area of approximately 771 acres. Under the Gibellini mineral lease agreement (the “Gibellini MLA”), the Company leased this core group of claims, which originally constituted the entire Gibellini Project, by, among other things, agreeing to pay to the Gibellini Lessor annual advance royalty payments. These payments are tied, based on an agreed formula not to exceed US\$120,000 per year, to the average vanadium pentoxide price of the prior year (each an “Advance Royalty Payment”). Upon commencement of production, the obligation to make Advance Royalty Payments will cease and the Company will instead maintain its acquisition through lease of the Gibellini group of claims by paying to the Gibellini Lessor, a 2.5% net smelter return royalty (the “Gibellini NSR Payments”) until a total of US\$3 million is paid. Thereafter, the Gibellini NSR will be reduced to 2% over the remaining life of the mine (and referred to thereafter, as “Production Royalty Payments”). Upon commencement of production, any Advance Royalty Payments that have been made will be deducted as credits against the Gibellini NSR Payments or Production Royalty Payments, as applicable. The lease is for a term of 10 years, expiring on June 22, 2027, which can be extended for an additional 10 years, at the Company’s option.

On April 19, 2018, the Gibellini MLA was amended to grant the Company the option, at any time during the term of the Gibellini MLA, which ends on June 22, 2027, to require the Gibellini Lessor to transfer its title over all of the leased mining claims (excluding four claims which will be retained by the Gibellini Lessor and which contain minimal resource) to the Company in exchange for US\$1,000,000, which will be deemed an Advance Royalty Payment.

The Company also entered into a lease agreement to acquire 10 unpatented lode claims totaling approximately 207 gross acres (the “Former Louie Hill Claims”) from their holders (the “Former Louie Hill Lessors”) on July 10, 2017 (the “Louie Hill MLA”). The Former Louie Hill Claims were located approximately 1600 feet south of the Gibellini group of claims. The Former Louie Hill Claims were subsequently abandoned by the Former Louie Hill Lessors, and on March 11 and 12, 2018, the Company staked the area within and under 17 new claims totaling approximately 340 gross acres, which now collectively comprise the expanded Louie Hill group of claims (the “Current Louie Hill Claims”).



Figure 1

On October 22, 2018, the Company entered into a royalty agreement (the “Royalty Agreement”) with the Former Louie Hill Lessors that replaced, on substantially similar terms, the Louie Hill MLA. The Royalty Agreement provides for payment by the Company to the Former Louie Hill Lessors of both advance royalty payments and net smelter return royalty payments. As with the Gibellini MLA, the advance royalty payments are calculated based on an agreed formula relative to the average vanadium pentoxide price for the prior year, for a total amount not to exceed US\$28,000 per year (the “Louie Hill Advance Royalty Payments”). Upon commencement of production, the obligation to make Louie Hill Advance Royalty Payments will be replaced by a 2.5% net smelter return royalty (the “Louie Hill NSR”) payable on vanadium pentoxide produced from the area of the Former Louie Hill Claims contained within the Current Louie Hill Claims.

The Company may purchase three-fifths of the Louie Hill NSR at any time for US\$1 million, leaving the total Louie Hill NSR payable by the Company at 1.0% for the remaining life of the mine. Any Louie Hill Advance Royalty Payments that have been made at the time of the commencement of production will be deducted as credits against future payments under the Louie Hill NSR. The payments under the Royalty Agreement will continue for an indefinite period and will be payable as long as the Company, its subsidiaries, or any of their permitted successors or assigns holds a valid and enforceable mining concession over the area.

On December 5, 2017, the Company announced that it had significantly expanded the land position at the Gibellini Project, by staking a total of 198 new claims immediately adjacent to the Gibellini claim group covering 4091 acres that are sufficient to enable future vanadium mining, processing and extraction.

On February 15, 2018, the Company indirectly acquired an additional 105 unpatented lode mining claims located adjacent to its existing Gibellini Project in Nevada, USA through the indirect acquisition of VC Exploration, by paying a total of \$335,661 in cash and issuing the equivalent of 50,000 common share purchase warrants to arm’s-length, private parties.

On August 24, 2020, the Company announced it had commenced the acquisition of the Bisoni Project from CellCube. As consideration for the acquisition of the Bisoni Project under the Bisoni APA, the Company issued the Bisoni APA Shares and paid \$200,000 cash to CellCube. The Bisoni APA Shares were subject to a Canadian statutory four month hold period that expired on January 19, 2021. Additionally, subject to TSX approval, if, on or before December 31, 2023, the price of European vanadium pentoxide on the Metal Bulletin (or an equivalent publication) exceeds US\$12 a pound for 30 consecutive days, the Company will issue to CellCube additional Common Shares with a value of \$500,000, calculated based upon the 5 day volume weighted average price of the Common Shares

immediately following the satisfaction of the vanadium pentoxide pricing condition. The acquisition of the Bisoni Project was completed on September 18th, 2020. The expanded Bisoni group of claims is located within the same formation and lithologic units as the Gibellini group of claims. The general geology in this area is considered to be similar to the Gibellini group of claims.

In the three months ended September 30, 2020, the Company expanded the land position at the Gibellini Project, by staking a total 32 new claims adjacent to the project.

The Gibellini Project is situated entirely on public lands that are administered by the BLM. No easements or rights of way are required for access over public lands. Rights-of-way would need to be acquired for future infrastructure requirements, such as pipelines and powerlines.

Regional Geology

The Gibellini Project occurs on the east flank of the southern part of the Fish Creek Range. The southern part of the Fish Creek Range consists primarily of Paleozoic sedimentary rocks of Ordovician to Mississippian Age of the eastern carbonate, western siliceous, and overlap assemblages. Tertiary volcanic rocks crop out along the eastern edge of the range and Tertiary to Quaternary sedimentary rocks and alluvium bound the range to the west and east in the Antelope and Little Smoky valleys, respectively. North to northeast-trending faults dominate in the region, particularly along the eastern range front.

The Gibellini Project lies within the Fish Creek Mining District. The limestone hosted Gibellini Manganese-Nickel mine and the Gibellini and Louie Hill black-shale hosted vanadium deposits are the most significant deposits in the district, and all occur within the Gibellini Project boundary. The Bisoni-McKay black-shale hosted vanadium deposit occurs several miles south of the Gibellini Project. A fluorite–beryl prospect and silver–lead–zinc vein mines with minor production are also reported to occur in the district. No significant work has been conducted on the Gibellini Project since 2015, with some minor prospecting completed in October of 2018. The Company has not completed trenching or drilling activities since its acquisition of the Gibellini Project.

Project Geology

The Gibellini Project deposit occurs within an allocthonous fault wedge of organic-rich siliceous mudstone, siltstone, and chert, which forms a northwest trending prominent ridge. These rocks are mapped as the Gibellini facies of the Woodruff Formation of Devonian Age (Desborough et al., 1984). These rocks are described by Noranda as thin-bedded shales, very fissile and highly folded, distorted and fractured (Condon, 1975). In general, the beds strike north-northwest and dip from 15 to 50° to the west. Outcrops of the shale are scarce except for along road cuts and trenches. The black shale unit which hosts the vanadium resource is from 175 ft to over 300 ft thick and overlies gray mudstone. The shale has been oxidized to various hues of yellow and orange up to a depth of 100 ft.

The Woodruff Formation is interpreted to have been deposited as eugeosynclinal rocks (western assemblage) in western Nevada that have been thrust eastward over miogeosynclinal rocks (eastern assemblage) during the Antler Orogeny in late Devonian time.

The Gibellini facies is structurally underlain by the Bisoni facies of the Woodruff Formation. The Bisoni unit consists of dolomitic or argillaceous siltstone, siliceous mudstone, chert, and lesser limestone and sandstone (Desborough and others, 1984).

Structurally underlying the Woodruff Formation are the coarse clastic rocks of the Antelope Range Formation. These rocks are interpreted to have been deposited during the Antler Orogeny and are attributed to the overlap assemblage.

The Louie Hill and Bisoni-McKay deposits are located in the same formation and lithologic units as the Gibellini deposit. The general geology in this area is thought to be similar to the Gibellini deposit area, with some increase in structural complexity near Bisoni-McKay due to thrusting in the area.

The ridge on which the Gibellini Manganese-Nickel mine (Niganz mine) lies is underlain by yellowish-gray, fine-grained limestone. This limestone is well bedded with beds averaging 2 ft thick. A fossiliferous horizon containing abundant Bryozoa crops out on the ridge about 100 ft higher than the mine. The lithologic and faunal evidence suggest that this unit is part of the Upper Devonian Nevada Limestone. Beds strike at N18E to N32W and dip at 18 degrees to 22 degrees west. The manganese-nickel mineralization occurs within this unit. Alluvium up to 10 ft thick overlies part of the area and is composed mostly of limy detritus from the high ridge north of the mine. Minor faulting has taken place in the limestone.

Deposit Descriptions

Gibellini Deposit

The Gibellini deposit occurs within organic-rich siliceous mudstone, siltstone, and chert of the Gibellini facies of the Devonian Age Woodruff Formation.

In general, the beds strike north-northwest and dip from 15° to 50° to the west. The black shale unit which hosts the vanadium Mineral Resource is from 175 ft to over 300 ft thick and overlies gray mudstone of the Bisoni facies. The shale has been oxidized to various hues of yellow and orange up to a depth of 100 ft.

Alteration (oxidation) of the rocks is classified as one of three oxide codes: oxidized, transitional, and reduced. Vanadium grade changes across these boundaries. The transitional zone reports the highest average grades and RMP geologists interpreted this zone to have been upgraded by supergene processes.

Louie Hill

The Louie Hill deposit lies approximately 500 m south of the Gibellini deposit, being separated from the latter by a prominent drainage. Mineralization at Louie Hill is hosted by organic-rich siliceous mudstone, siltstone, and chert of the Gibellini facies of the Devonian Woodruff Formation and probably represents a dissected piece of the same allochthonous fault wedge containing the Gibellini deposit.

Mineralized beds cropping out on Louie Hill are often contorted and shattered but in general strike in a north-south direction, and dip to the west 0 to 40°.

Rocks underlying the Louie Hill Deposit consist of mudstone, siltstone and fine-grained sandstone probably of Mississippian age (Webb and/or Chainman Formations). Oxidation of the mineralized rocks has produced light-colored material with local red and yellow bands of concentrated vanadium minerals.

Bisoni-McKay

The overall geologic interpretation is largely based on the Hose, 1983 interpretation of the Bisoni McKay area. The Woodruff and underlying Devils Gate Limestone contact relationship on the project is mapped as a fault, perhaps part of which may be a slide block plane. In any case, at first glance both formations appear to be folded in sequence. Prior to Tertiary faulting the Devils Gate Limestone, the overlying Woodruff Formation and perhaps the Mississippian strata above, tentatively identified as the basal unit of the Webb Fm, appear to have been folded as a unit as exemplified by the north-trending fold and an accompanying fault that extends along the west side of the drill grid in Area A North. The fold may be due to drag along the north-southwest fault trend.

In the project area the late Devonian Gibellini facies and the greater Woodruff Formation are typically preserved and exposed in down-dropped fault blocks. In the vicinity of the historic Bisoni-McKay deposit the Woodruff Formation is juxtaposed with the older, massive outcrops of Devonian Devils Gate Limestone. The north to northwest concealed fault has juxtaposed the Devils Gate limestone against the Mississippian Webb Fm that has resulted placing the Woodruff rocks in fault contact with the younger Webb Fm, which is younger than the Woodruff Formation.

Activities and Developments

2018

On February 15, 2018, the Company indirectly acquired an additional 105 unpatented lode mining claims located adjacent to its existing Gibellini claims through the indirect acquisition of VC Exploration by paying a total of \$335,661 in cash and issuing the equivalent of 50,000 common share purchase warrants to arm's-length, private parties.

On April 19, 2018, the Gibellini MLA was amended to grant the Company the option, at any time during the term of the agreement, to require the Gibellini Lessor to transfer their title over all of the leased mining claims (excluding four claims which will be retained by the Gibellini Lessor and which contain minimal resource) to the Company in exchange for USD\$1,000,000, to be paid as an advance royalty payment.

On May 9, 2018, the Company submitted its Management's POO to the BLM and the Reclamation Permit Application to the BMRR.

On May 29, 2018, the Company received results of the 2018 Gibellini PEA for the Gibellini Project. The 2018 Gibellini PEA was prepared by Amec Foster Wheeler E&C Services Inc, part of the Wood Group. This PEA has since been updated.

Metallurgical work based on Acid Heap Leach Testing of a Gibellini Bulk Sample, McClelland, September 4, 2013

A series of trenches were excavated and approximately 18 tons of material were sent to McClelland for pilot testing.

Solvent Extraction (SX) Test Work

Solvent extraction ("SX") processing test work was conducted in 2013 to recover vanadium from sulfuric acid pregnant leach solution ("PLS") generated during pilot column testing on bulk leach samples from the Gibellini Project. Laboratory scale testing was conducted on select solutions generated during the pilot SX processing, to optimize the SX processing conditions. Additional laboratory scale testing was conducted on the loaded strip solution generated during the pilot SX testing, to evaluate methods for upgrading and purifying it to levels that may be required for sale of a final vanadium bearing product.

The design parameters from this test work were:

- 1) SX Extraction pH Range 1.8 to 2.0
- 2) Di-2-Ethyl Hexyl Phosphoric Acid Concentration 0.45 M (~17.3% by weight) Cytec
- 3) 923 Concentration 0.13 M (~5.4% by weight)
- 4) The Organic Diluent is Orform SX-12 (high purity kerosene)
- 5) SO₂ addition of 1.0 to 1.5 g/l
- 6) Strip Solution Sulfuric Acid Concentration 225 to 250 g/l SX
- 7) Extraction Efficiency ~97%
- 8) SX Strip Efficiency ~98%

In August of 2018, the Company received metallurgical results from its technology partner, Northwest Non-Ferrous Metals Mining and Geology Group Co., Ltd. (“NWME”) from samples collected during a site visit in March of 2018. Tests were performed at its laboratory testing facilities located in Xi’an, China. NWME utilized a SX processing method to recover vanadium from sulfuric acid PLS generated by bottle roll and column test acid leaching on Gibellini Project samples. The solution was reduced and then precipitated using ammonia to make AMV. The AMV was calcined and heated then cooled and pulverized. A vanadium pentoxide with 98.56 % purity content was produced. The assay for this work is shown below:

V ₂ O ₅ %	SI %	Fe %	P %	S %	As %	Na ₂ O %	K ₂ O %	Al %	U %
98.56	0.0078	0.88	0.058	0.47	0.0026	0.43	0.052	0.22	0.0001

Uranium content is less than 0.0001% which does not affect the marketability of the product.

The PLS was produced with very low deleterious elements which enabled using an efficient SX process. The PLS V₂O₅ concentration was 1.15 gram per liter and the Pregnant Strip Solution V₂O₅ concentration was 39.61 grams per liter.

Overall Vanadium Recovery of Over 60% and Low Acid Consumption

PLS was produced from both bottle roll and column tests. Sulfuric acid was added to the feed material with the bottle rolling for 1 hour, then the open bottle was allowed to cure for 24 hours and water was added to the bottle to attain the desired density (40%). Initial samples were taken at 6 hours, 12 hours, 24 hours, 36 hours, 48 hours and then once a day until the bottle roll was completed.

In column tests, sulfuric acid was added to the feed material and the material was allowed to cure for 24 hours before initiating the leaching. Leaching was conducted by applying 108 grams per liter acid solution over the material. PLS was collected every 24 hours and samples were taken for vanadium analysis. All the tests were performed at room temperature and at atmospheric pressure. The results of the tests are given below:

Test	Leach Time	Vanadium Recovery %	Sulfuric Acid Consumed kg/t
Column Test	21 days	70.74	100
Bottle Roll Test - investigate the effect of the curing method and increase of sulfuric acid addition on the vanadium recovery	50 hours	62.8	150
Bottle Roll Test - investigate addition of NWME prepared leaching agent on the vanadium recovery	144 hours	66.5	100
Bottle Roll Test - investigate the leaching of coarse feed (2mm) on the vanadium recovery	216 hours	63.7	100

The results of the bottle roll and column leach tests performed by NWME largely validate the results of previous tests performed by McClelland on the Gibellini Project bulk sample in 2013 (18 tons of material).

The NWME test samples were not agglomerated and were on short leach time of 21 days for column tests and 5 days for bottle roll tests. The Company studied both the NWME test and McClelland test in detail and believe the results were consistent, whereby 70% recovery can be achieved with longer leach cycle (over 100 days McClelland vs 21 days NWME) and less acid consumption (50 kg of acid per tonne of material McClelland vs 100 kg of acid per tonne of material NWME).

A summary of acid heap leach tests of a Gibellini Project bulk sample, completed at McClelland, September 4, 2013 is tabulated below:

Size	Test Type	Time (Days)	Vanadium Recovery %	Head Grade % V ₂ O ₅	Sulfuric Acid Consumed kg/t
50 mm (2")	Column, open circuit	123	76.6	0.53	39.9
12.5 mm (1/2")	Column, open circuit	123	80.2	0.56	32.7
12.5 mm (1/2")	Column, closed circuit	230	68.3	0.51	38.1
12.5 mm (1/2")	Column, closed circuit	198	74.0	0.56	43.5
12.5 mm (1/2")	Bottle Roll	4	67.1	0.51	33.6
1.7 mm (-10m)	Bottle Roll	4	66.3	0.51	29.9
-75µ	Bottle Roll	4	67.6	0.50	28.1
-75µ	Bottle Roll	30	74.2	0.53	24.5

Representative Feed Grade with Benign Test Conditions that Can be Replicated in Commercial Setting

The leaching bottle roll and column tests were performed at room temperature and at atmospheric pressure based on the Gibellini Project’s representative grade from grab sampling method across the width of the mineralization at various locations of the Project. These samples are characterized in table below:

Sample Number	Sample ID	Weight kg	Head Grade V ₂ O ₅ (%)
1	18-L6-28	17.0	0.665
2	18-L6-29	17.0	0.885
3	18-L6-30	12.5	0.370
4	18-L6-31	18.0	0.210
5	18-L6-32	13.5	0.420
6	18-L6-33	22.5	0.280
7	18-L6-34	19.0	0.315
8	18-L6-35	20.0	0.185
9	18-L6-36	18.0	0.165

Sample Number	Sample ID	Weight kg	Head Grade V ₂ O ₅ (%)
10	18-L6-37	20.0	0.195
Total		177.5	

For the purpose of metallurgical testing, the samples were mixed to produce a composite material with the average grade of 0.30% V₂O₅ which is representative of Gibellini Project resource grade. The composite material was ground to -75 µm feed. The Company believes the test conditions can easily be replicated in a commercial heap leach setting with low technical and implementation risk.

Vanadium Mineralogy in Achieves Recovery at Room Temperature and Atmospheric Pressure

NWME performed detailed mineralogical analysis which included microscope identification using a Carl Zeiss Axioskop, XRD analysis on Bruker D8-A25 XRD, multi-element analysis, electron probe X-ray microanalysis on JEOL JXA 8230, scanning electron microscopy/energy dispersive X-ray spectroscopy analysis on Mineral Liberation Analyzer 650 and V element phase analysis. This mineralogical analysis confirmed that the Gibellini Project resource has a high percentage of independent vanadium minerals ("IVM") such as kashkhanite, shubnelite, sherwoodite, bokite, which can be leached easily at room temperature and atmospheric pressure within a short time frame.

NWME noted the unique nature of the Gibellini Project samples with over 45% IVM versus numerous other typical black shale deposits which they have encountered containing less than 10% IVM.

All of the test work carried out on the material from the Gibellini Project indicate that there is a two-stage leaching phenomenon in Gibellini Project ore - approximately 50% of the vanadium leaches in the first 96 hours (independent vanadium minerals), and the remaining leaching approximately 15 to 20% occurs over a longer time horizon.

Heap leaching is the lowest-cost recovery method compared to roasting, and pressured container VAC leaching; whereby capital costs can compound to multiple times greater for the same throughput. The Gibellini Project's high IVM content is a key competitive differentiator which places the deposit in the top tier of black shale deposits in terms of pre-production capital cost required based on NWME's research. The mineralogical results of the Gibellini Project ore as characterized by NWME's test work is shown in table below:

Mineral composition		Mineral content %	V content in minerals %	V distribution %
Independent vanadium minerals 45.2% of vanadium content	Kashkhanite	0.15	40.91	19.77
	Shubnelite	0.13	27.86	11.67
	Sherwoodite	0.08	34.54	8.90
	Bokite	0.03	36.51	3.53
	Melanovanadite	0.01	41.27	1.33
Vanadium-bearing layered aluminosilicate minerals 20.8% of vanadium content	Sericite	8.59	0.57	14.63
	Illite	5.58	0.28	5.03
	Chlorite	0.81	0.44	1.14
	Nacrite-palygorskite	0.70	-	-
Vanadium-bearing layered iron oxide, sulfate 34% of vanadium content	Limonite	1.76	5.48	31.07
	Strengite	0.64	0.49	1.01
	Jarosite	0.48	1.24	1.92
Gangue	Quartz	75.88	-	-
	Apatite	2.83	-	-
	Potassium feldspar	0.73	-	-
	Dolomite	0.66	-	-
	Carbonaceous	0.45	-	-
	Rutile	0.25	-	-
	Barite	0.04	-	-
	Pyrite	0.20	-	-
Total		100.00		100.00

Low Carbonate Content Results in Low Acid Consumption.

NWME detailed mineralogical analysis which included microscope identification using a Carl Zeiss Axioskop, XRD analysis on Bruker D8-A25 XRD, multi-element analysis, electron probe X-ray microanalysis on JEOL JXA 8230, scanning electron microscopy/energy dispersive X-ray spectroscopy analysis on Mineral Liberation Analyzer 650 and V element phase analysis, confirmed the extremely low carbonaceous content of the Gibellini Project's oxide and transition samples. This explains the low acid consumption (less than 50 kg per tonne) compared to other average black shale deposits of 200 kg to 300 kg per tonne based on extensive NWME data compilation. Given acid cost accounts for approximately 50% of the Project's operating expenses, the Gibellini Project's low carbon content is a key competitive differentiator which places it in the top tier of black shale deposits in terms of processing cost based on NWME's findings.

The following table is a generalized comparison of the Gibellini Project's deposit to a composite of typical black shale vanadium deposits:

	Gibellini Vanadium Deposit	Black Shale Series Vanadium Deposits
Host Rock	Silica State	Carbon Siliceous Rocks with Mudstone
The Mineral Composition	High Silica, Low Aluminum and Low Carbonaceous. SiO ₂ -78.40%; Al ₂ O ₃ - 4.13%; T(C) - 0.47%	High Silica, High Aluminum and High Carbonaceous. SiO ₂ -62-93%; Al ₂ O ₃ > 7%; T(C) > 10%

On August 15, 2018, the Company issued a request for proposal (the “RFP”) for engineering, procurement, construction and management services (“EPCM”) from qualified bidders. In December of 2018, the Company selected M3 Engineering & Technology Corporation (“M3”) of Tucson, Arizona to provide EPCM for the Gibellini Project in response to the RFP. M3 was selected for its specific experience in heap leach engineering, and construction expertise in arid environments such as Nevada and Arizona.

The EPCM consists of three phases. Phase 1 includes updating and simplifying previous basic engineering as well as mine design, waste dump design, road design, borrow pit design, buildings and infrastructure designs will not be substantially changed. Phase 2 will consist of procurement of the required equipment, services and developing the detailed engineering design required to build the project facilities. Phase 3 will outline construction management services to build the facilities to accomplish the actual work.

The Company expects Phase 1 of the EPCM to be completed in 2020; Phase 2 to be completed in 2021; Phase 3, to be completed in 2022; and the Gibellini Project wet commissioning is expected to be in 2023.

To try to minimize technical and implementation risk, the Company is working closely with its chosen technology partner, NWME, to fine tune metallurgy, process design and engineering, and ensure maximum vanadium recovery and high-grade vanadium pentoxide commercial product on site. NWME owns and is currently operating the world’s largest black-shale vanadium mine in China with an environmentally friendly, hydrometallurgical leach processing technology without the need of a pre-roasting step (see the Company’s news release dated March 12, 2018, for more details).

Big Sky Prospect (300m by 50m)

On March 26, 2019, the Company announced via news release available on SEDAR vanadium assay results from its Fall 2018 exploration reconnaissance program on the Gibellini Project. The 155 assays are taken from three prospective exploration areas all within 5 kilometers to existing Gibellini Project vanadium NI 43-101 compliant resource pit outline. Surface grab samples assay as high as 2% vanadium pentoxide (V2O5) and 75 samples (48% of total 155) have V2O5 grades greater than the Gibellini Project deposit’s cut-off grade of 0.101% V2O5 at \$12.5/lb V2O5.

The high vanadium assay results along the 5-kilometer northeast-southwest trend which line-up the Northeast Prospect, through Gibellini Hill, Louie Hill, Middle Earth prospect, and Big Sky prospect providing an indication of potential and possibly significant future expansion of vanadium mineralization along this corridor.

The Big Sky prospect occurs 3.1 kilometers southwest of the Gibellini Hill measured and indicated resource and 1.8 kilometers southwest of the Louie Hill inferred resource. A total of 62 samples were taken, of which 40% (n=25) returned assays greater than Gibellini Project cut-off grade. Sixteen (16) samples returned assays >0.200 V2O5. The distribution of samples occurs along a 300-meter exposure of the Woodruff Formation. Assays showing >0.200 V2O5 are shown in table below.

V₂O₅% GRAB SAMPLE ASSAY RESULTS AT BIG SKY PROSPECT FOR SAMPLES WITH >0.200%

SAMPLE ID	Prospect	V ₂ O ₅ %
301910	Big Sky	0.261
301913	Big Sky	0.223
301915	Big Sky	0.346
301916	Big Sky	0.400
301918	Big Sky	0.712
301920	Big Sky	0.264
301926	Big Sky	0.580
301927	Big Sky	2.008
301928	Big Sky	0.848
301944	Big Sky	0.264
301946	Big Sky	0.280
301947	Big Sky	0.218
301950	Big Sky	0.261
302050	Big Sky	0.214
302054	Big Sky	0.787
302055	Big Sky	1.982

Middle Earth Prospect (200m by 70m)

The Middle Earth prospect occurs 1.7 kilometers southeast of the Gibellini Hill deposit and 300 meters south of the Louie Hill deposit. A total of 50 samples were collected of which 68% (n=34) returned assays >0.101% V2O5 or the Gibellini Project cut-off grade. Twenty-seven (27) samples returned assays >0.200 V2O5. The samples are distributed over 3 road cuts of exposed Woodruff Formation making up a 200 meter by 70-meter areal footprint. Assays showing >0.200 V2O5 are shown in the following table.

V₂O₅% GRAB SAMPLE ASSAY RESULTS AT NORTHEAST TRENCH PROSPECT FOR SAMPLES WITH >0.200%

SAMPLE ID	Prospect	V ₂ O ₅ %
302004	NE Trench	0.239
302005	NE Trench	0.380
302016	NE Trench	0.303

Water and Power supply

On August 20, 2018, the Company secured water supply for the Gibellini Project construction and operation. The Company signed a 10-year agreement (the “Water Supply Agreement”) with the owner of a private ranch, located approximately 14.5 kilometers from the Gibellini Project. The Water Supply Agreement can be extended for any number of additional 7-year terms, not to exceed (with the primary term) a total of 99 years.

Under the terms of the Water Supply Agreement, the lessor granted to the Company the rights to 805 acre-feet (approximately 262.4 million gallons) of water per year for the Gibellini Project, at a minimum flow rate of 500 gallons per minute (“gpm”) from its year-round springs surface water stream. The water flow rate was measured at the ranch springs in 1965, in 1981, from December 2011 to September 2013, and most recently, in 2017. The water flow rate ranges from 1,000 to 3,900 gpm with an average flow rate of 2,690 gpm, which exceeds the project’s maximum water operational requirement of 420 gpm based on the process engineering design prepared by Scotia International of Nevada, Inc. as a part of engineering, procurement, construction and management work done in 2014.license.

The Gibellini Project completed water-related baseline studies including the drilling of water-test wells, water source data collection, characterization, flow rate testing and modeling. Due to the fact that the Water Supply Agreement provides a source of water from surface springs located on a private ranch and baseline studies related to it have been completed, the Company expects to significantly expedite the permitting process by eliminating the need to appropriate water rights from the Nevada Division of Water Resources.

The power supply for the Gibellini Project site is assumed to be at 24.9 kV and supplied from a planned substation to be located near Fish Creek Ranch. This substation would tap and step-down the 69kV supply carried by the line to the nearby Pan Mine to 24.9kV and place it on a line to the Gibellini Project. Negotiations with the power utility, Mt. Wheeler Power, will need to be undertaken to secure any future power supply contract and transmission line to the site.

2019

Permitting

In conformance with BLM permitting requirements and Secretarial Order 3355, the Company submitted a package of enhanced baseline reports (the "Enhanced Baseline Reports") on March 22, 2019. Following the BLM review of the baseline reports, the Company submitted the Gibellini Mine Plan of Operations (the "Gibellini MPO") to the Battle Mountain District office of the BLM and the Reclamation Permit application to the State of Nevada Division of Environmental Protection Bureau of Mining Regulation and Reclamation on June 28, 2019.

The Enhanced Baseline Reports were completed using data primarily collected by the previous operator between 2010 and 2012, and included studies of biological resources, air resources, cultural resources, surface water resources, ground water resources, noise, wild horses, paleontological resources, geological resources, socioeconomic and environmental justice, soil resources, visual resources, wetlands and riparian resources, and geochemical characterization for ore and overburden. The baseline data was updated with data collection completed in 2019 that validated the previous data. The reports included a review of potential environmental impacts and proposed environmental protection measures to avoid or minimize these impacts. The Gibellini MPO was then prepared by integrating the information developed in the baseline reports to guide the Gibellini Project design to avoid or minimize potential environmental impacts.

The Gibellini MPO includes over 1,100 pages of detailed development plans for the Gibellini Project exploration activities, open pit mining operations and processing facilities to extract and recover vanadium from the Gibellini deposit with stated average mine production during the seven-year mine life of 15.7 million tons of ore material containing 120.5 million pounds of vanadium. The primary facilities include the: pit, waste rock disposal facility, mine office, auxiliary facilities such as water and power, crushing facilities and stockpile, heap leach pad, process facility, water ponds, borrow areas, and mine and access roads.

In addition, the Gibellini MPO includes the following management plans and engineering studies:

- quality assurance plan;
- storm water management plan;
- adaptive waste rock management plan;
- monitoring plan;
- noxious weed management plan;
- spill contingency plan;
- feasibility study level pit slope design;
- heap leach and waste rock dump facility stability report;
- closure plan;
- water management plan;
- interim closure plan;
- transportation plan;
- radiation protection plan;
- climate data and surface water hydrology;
- seismic hazard analyses; and
- engineering design criteria.

In August 2018, NewFields completed the Gibellini Project heap leach pad and waste dump designs as part of an overall basic engineering design led by M3 Engineering and Technology Corp

On October 31, 2019, the water pollution control permit and air permit applications were submitted to the Nevada Division of Environmental Protection ("NDEP") incorporating the Newfields and M3 Engineering design packages. The draft air permit was posted for public comment on July 13, 2020.

NDEP Water Pollution Control Permit

Mining in Nevada is regulated under the authority of the Nevada Revised Statutes (NRS) 445A.300-NRS 445A.730 and the Nevada Administrative Code (NAC) 445A.350-NAC 445A.447. Water Pollution Control Permits ("WPCP") are issued to an operator prior to the construction of any mining, milling, or other beneficiation process activity. Facilities utilizing chemicals for processing ores are required to meet a zero-discharge performance standard such that waters of the State will not be degraded.

The engineering design for heap leaching, the processing facility, and the mine design (M3 Engineering and Newfields Companies, LLC) was integrated into to the site closure plan that was also submitted as part of the WPCP application. This design will facilitate concurrent closure of the heap as each heap cell is finished leaching. This will allow the closure plan to be initiated during operations. At the end of active mining, the site can be closed at minimal technical risk. This reduces the closure duration and liability and the commensurate reclamation bond.

Air Quality Class II Permit

The Nevada Bureau of Air Pollution Control issues air quality operating permits to stationary and temporary mobile sources that emit regulated pollutants to ensure that these emissions do not harm public health or cause significant deterioration in areas that presently have clean air. This is achieved by stipulating specific permit conditions designed to limit the amount of pollutants that sources may emit into the air as a regular part of their business processes.

Any process/activity that is an emission source requires an air quality permit. Nevada Revised Statute (NRS) 445B.155 defines an emission source as "any property, real or personal, which directly emits or may emit any air contaminant."

The Class II Permit for the Gibellini Project is for facilities that emit less than 100 tons per year for any one regulated pollutant. Since the vanadium processing will utilize a heap leach, the emissions will be under the threshold for more complex air permits. The engineering design incorporates stringent emission control technology to minimize emissions. The modeled emissions from the entire Gibellini Project are well below the National Ambient Air Quality Standards ("NAAQS").

The Enhanced Baseline Reports ("EBR's") were extensively used in the Project engineering design to ensure that potential environmental impacts identified in the EBR's would be avoided or minimized by facility design. These engineering controls help ensure that avoidance of potential environmental impacts is "built into" the project from the start of the design process. Doing so will allow environmental protection measures to be taken to minimize the risk of impacts that cannot be completely avoided in the design and ensure up-front project planning that is sensitive to all environmental resources.

On October 31, 2019, the Company submitted permit applications for the Water Pollution Control Permit and the Class II Air Quality Permit. These Nevada state permits have been developed to provide construction level engineering that supports the mine plan previously submitted to the BLM in the Plan of Operations. Comments received from the BLM were used as guidance in the engineering design to ensure the State and Federal Permits are aligned and reflect the most current guidance provided by both the NDEP and BLM.

2020

Bisoni-McKay Claims Acquisition

On August 24, 2020 the Company announced that its wholly owned subsidiary Nevada Vanadium had entered into the Bisoni APA with CellCube to acquire the Bisoni Vanadium Project (Bisoni Project) situated immediately southwest to Nevada Vanadium’s Gibellini Project. Subject to the terms and conditions in the Bisoni APA, Nevada Vanadium would acquire the Bisoni Project by the Company issuing 0.4 million Common Shares and paying \$200,000 cash to CellCube at closing. Additionally, the Company would make a one-time payment to CellCube of \$500,000 in Common Shares, upon the price of European vanadium pentoxide price exceeding US\$12 a pound for 30 consecutive business days, occurring on or before December 31, 2023, subject to TSX approval. The 4 million Common Shares would be subject to a statutory four month and one day hold period expiring on January 19, 2021.

On September 18, 2020 the Company’s subsidiary, Nevada Vanadium announced that it had completed the acquisition of the Bisoni Project from CellCube. Under the terms of the Bisoni APA, the Company issued 4 million Common Shares ("Compensation Shares") and paid \$200,000 cash to CellCube. The Compensation Shares were subject to a Canadian statutory four month and one day hold period which expired on January 19, 2021.

The host rocks carrying vanadium mineralization at both the Gibellini Project and Bisoni Project belong to the same Gibellini facies of the Woodruff Shale Formation.

There exist several highly prospective exploration targets in between and around the Gibellini and Bisoni McKay deposits (the two are 14 kilometers apart) along the northeast – southwest corridor such as the Big Sky prospect, the Middle Earth prospect and the Northeast prospect (from Gibellini Project) and BMK and BR zones (from the Bisoni Project) all with outcropping surface vanadium mineralization that could potentially ultimately lead to additional vanadium mineral discoveries.

2021

On August 30, 2021 Silver Elephant announced the results of a preliminary economic assessment for its Gibellini vanadium project that demonstrates an after-tax internal rate of return ("IRR") of 25.4%, and after-tax cumulative cash flow of \$260.8 million, assuming an average vanadium pentoxide (V2O5) price of \$10.00 per pound.

The Gibellini project is designed to be an open pit, heap leach operation in Nevada’s Battle Mountain region (25 km south of Eureka) with initial capital cost of \$147 million, average annual production is 10.2 million pounds of V2O5 , at an all-in sustaining cost of \$6.04 per pound with strip ratio of 0.18 to 1 (waste rock:leach material).

As of February 28, 2022, the European price of vanadium pentoxide (98%) was \$11.00 per pound according to www.asianmetal.com.

The 2021 PEA was prepared by Wood Group USA, Inc (Wood) and Mine Technical Services Ltd. (MTS).

Capital and operating costs for the 2021 PEA are based on supplying 3 Mt of crushed and agglomerated leach material annually from two open pits at Gibellini and Louie Hill. Initial mine development will be focused on Gibellini, with Louie Hill following nine years later.

Mining at the Gibellini and Louie Hill deposits is planned to be a conventional open pit mine using a truck and loader fleet consisting of 100-ton trucks and front-end loaders. A power line would be constructed from an existing transmission line and water will be leased from a private ranch. Both water and power sources are within five miles of the planned mining operations.

The average annual mine production during the 11.1 year mine life will be 3.56 million tons of leach material (3 Mst) and waste (0.56 Mst) at a strip ratio of 0.18 (w:l).

Period	Total	Rock Waste	OxideLeach	TransitionLeach	ReducedLeach	LeachTotal	V2O5	ContainedV2O5	ProducedV2O5
	(kt)	(kt)	(kt)	(kt)	(kt)	(kt)	(% V2O5)	(mbls)	(mbls)
YR1	3,002	2	2,573	424	2	3,000	0.298	17,877	10,915
YR2	3,072	72	2,025	974	1	3,000	0.320	19,221	12,297
YR3	3,117	117	766	2,185	50	3,000	0.401	24,059	16,293
YR4	3,096	96	2,423	577	0	3,000	0.227	13,602	8,638
YR5	3,081	81	1,096	1,862	42	3,000	0.281	16,881	11,252
YR6	3,011	11	395	2,158	447	3,000	0.292	17,519	11,824
YR7	5,943	2,943	641	1,817	542	3,000	0.224	13,447	8,926
YR8	4,232	1,232	308	960	1,732	3,000	0.178	10,657	6,409
YR9	3,203	203	591	44	2,365	3,000	0.187	11,214	6,121
YR10	3,067	67	3,000	0	0	3,000	0.364	21,857	12,999
YR11	4,191	1,191	3,000	0	0	3,000	0.218	13,057	7,922
YR12	518	121	397	0	0	397	0.177	1,405	870
YR13									101
Total	39,533	6,136	17,215	11,001	5,181	33,397	0.271	180,796	114,567

Mining will be completed using contract mining, with Silver Elephant’s mining staff overseeing the contracted mining operation and performing the mine engineering and survey work.

The processing method envisioned will be to feed leach material from the mine via loader to a hopper that will feed a crushing plant. The leach material will be fed to the agglomerator where sulfuric acid, flocculent and water will be added to achieve adequate agglomeration. The agglomerated leach material will be transported to a stacker on the leach pad, which will stack the material to a height of 15 feet. Once the material is stacked, solution will be added to the leach heap at a rate of 0.0025 gallons per minute per square foot. The solution will be collected in a pond and this pregnant leach solution ("PLS") will be sent to the process building for metal recovery. In the process building, the PLS will go through solvent extraction ("SX") and stripping processes to produce vanadium pentoxide.

Capital and Operating Costs

During the capital period, an initial leach pad having a capacity of 16.7 Mst will be constructed, and will be followed by one expansion of approximately 16.7 Mst. The total initial capital cost is estimated at approximately \$147 million.

Cost Description	Total (\$000s)
Open Pit Mine	
Mobile equipment	122
On Site Infrastructure	
Site preparation	2,740
Roads	1,577
Water supply	2,263
Sanitary system	69
On-site electrical	2,325
Communications	187
Contact water ponds	186
Non-process facilities - buildings	8,594
Process Facilities	
Material handling	21,730
Heap leach system	22,033
Process plant	24,167
Off-Site Infrastructure	
Water system	5,095
Electrical supply system	3,657
First fills	975
Total Direct Cost	95,720
Construction indirect costs	5,355
Sales Tax/OH&P	5,333
EPCM	11,178
Contingency	29,396
Total Project Cost	146,982

Note: OH&P = overhead and profit, EPCM = engineering, procurement and construction management

Sustaining capital is estimated at \$25.2 million.

SUSTAINING CAPITAL COSTS

Description	Total (\$000s)
Leach pad expansions	23,069
Haul road to Louie Hill	814
Storm water controls Louie Hill pit/waste rock facility/roads	386
Equipment annual allowance	971
Total Sustaining Capital	25,240

Operating costs are estimated to average \$16.12 per ton leached, or \$4.7/lb V2O5 recovered

Total Cash Operating Cost	\$ per Ton Leached	\$ per lb of V2O5 Recovered
G&A	0.97	0.28
Mining Cost	3.36	0.98
Total Processing Cost	11.79	3.44
Total	16.12	4.7

The cash operating costs in the first half of the Gibellini project covering years 1–7 is \$4.20 per lb of V2O5 produced and for years 8–12 is \$5.87 per lb of V2O5 produced, resulting in a weighted average cash cost of \$4.70 per lb of V2O5 produced and all-in sustaining cost of \$6.04/lb. The cash operating cost is lower in the first half of the Gibellini project due to processing of higher-grade material.

Vanadium Recoveries and Metallurgical Testing

Approximately 114.6 million pounds of V2O5 is expected to be produced from the Gibellini and Louie Hill leaching operations at an average recovery of 63.4% (oxide: 60%, transition: 70% and reduced: 52%). The heap leaching will be performed at ambient temperature and atmospheric pressure without pre-roasting or other beneficiation process. The PLS will be continuously collected with leach material undergoing, on average, a 150-day heap-leaching cycle.

The direct heap leach vanadium recovery estimates used in the 2021 PEA were based on extensive metallurgical test work performed by SGS Lakefield Research Laboratories, Dawson Minerals Laboratories, and McClelland Laboratories. Samples were selected from a range of depths within the Gibellini deposit, and are considered to be representative of the various types and styles of mineralization within that deposit. Samples were obtained to ensure that tests were performed on sufficient sample mass. The end results demonstrated low acid consumption (less than 100 lb acid consumption per ton leached) and high recovery through direct leaching.

Solvent extraction processing was conducted to recover vanadium from sulfuric acid PLS generated during pilot column testing on bulk leach samples from the Gibellini project. Laboratory-scale testing was conducted on select solutions generated during the pilot SX processing, to optimize the SX processing conditions. Additional laboratory scale testing was successfully conducted on the loaded strip solution to purify, precipitate and extract final marketable vanadium-bearing products.

Sensitivity Analysis

The tables below show the sensitivity analysis to the vanadium pentoxide price, grade, and to the PEA capital cost and operating costs. A sensitivity analysis to vanadium price indicates strong project economics even in very challenging conditions, and that the Gibellini project is well positioned to benefit from the current rising vanadium price environment. A 30% increase in the vanadium price to \$13/lb V2O5 relative to the base case translates to a 42% IRR and

\$295.4 million after-tax net present value at a 7% discount rate. Sensitivity tables are shown below:

V2O5 Price Change	V2O5 Price	After-tax IRR	After-tax NPV	After-tax Cashflow
(%)	(US\$/lb)	(%)	(US\$ M @ 7%)	(US\$ M)
45	14.5	49%	377	671.5
30	13	42%	295.4	536.8
15	11.5	34%	212.3	399.7
Base Case	10	25%	127.9	260.8
-15	8.5	14%	42.1	122.3
-30	7	0%	-55.8	-38.9
-45	5.5	0	-155.1	-202

Sensitivity to changes in the grade of V2O5 is shown below:

Grade Change	After-tax IRR	After-tax NPV	After-tax Cashflow
(%)	(%)	(US\$ M @ 7%)	(US\$ M)
45	48%	363.8	649.7
30	41%	286.6	522.2
15	34%	207.7	392.2
Base Case	25%	127.9	260.8
-15	15%	46.9	130
-30	0%	-45.2	-21.4
-45	0	-139	-175.5

Sensitivity changes in capital costs are tabulated below:

CAPX Change	After-tax IRR	After-tax NPV	After-tax Cashflow
(%)	(%)	(US\$ M @ 7%)	(US\$ M)
45	14%	69.2	197.5
30	17%	89.2	218.6
15	21%	108.6	239.7
Base Case	25%	127.9	260.8
-15	31%	146.9	281.9
-30	38%	165.8	303
-45	0	184.7	324.1

Sensitivity to changes in Operating Costs are tabulated below:

Change	After-tax IRR	After-tax NPV	After-tax Cashflow
(%)	(%)	(US\$ M @ 7%)	(US\$ M)
45	8%	3.6	50.6
30	15%	49.2	128.5
15	21%	89.2	195.3
Base Case	25%	127.9	260.8
-15	29%	166.4	326.7
-30	33%	203.7	390.7
-45	0	239.9	452.6

Vanadium as a Critical Metal

Vanadium was designated a critical material by the U.S. government in 2018 due to its importance to the defense and energy storage sectors and there being no domestic production with all supply through imports, mostly from Russia, China, and South Africa.

Vanadium alloy steel is 30% lighter than non-alloyed steel, with double the tensile strength. It is used extensively in the aerospace and defense sectors, as well as in skyscraper construction. A structural vanadium deficit is expected to occur by 2025 with the rising popularity of the vanadium redox flow battery which is a mature technology featuring up to an eight-hour duration discharge and is scalable to hundreds of megawatt hours. Battery life is projected to be a minimum of 20 years with no expected degradation of the vanadium or the charge density.

Expansion Potential

Opportunity exists to upgrade the Gibellini, Louie Hill and Bisoni McKay Inferred Mineral Resources to higher confidence categories through drilling, and to incorporate Bisoni McKay Mineral Resources in future economic studies.

The acquisition of the Bisoni McKay deposit in September of 2020 significantly expanded the Company's land position from approximately 7 km of Woodruff Formation strike to 21 km. The Woodruff Formation is the host of the vanadium mineralization in the three deposits. Numerous vanadium-bearing surface rocks were identified by the Company in its 2019 reconnaissance program of surface exposures of the Woodruff Formation. These may warrant drill programs upon further investigation (see Company's press release dated May 26, 2019).

Offtake and Project Financing

The Company has received unsolicited expressions of interest from various potential investment sources and is currently engaged in discussions with potential cornerstone investors, vanadium product off-takers on potential equity, debt and prepaid off-take financing possibilities. The Company expects to report material progress in due course.

Permitting

Integration with BLM 12-month 3355 Environmental Impact Statement Process

The Nevada state permit applications were brought forward in the permitting process to identify any issues resulting from NDEP review that could affect the project design in the plan of operations early. By resolving the State permitting issues prior to the start of the EIS, it will help ensure that the 12-month schedule mandated by the BLM Secretarial Order 3355 (S.O. 3355) can be met and interruptions to the schedule can be avoided.

On July 14, 2020, the NOI to prepare the EIS was published in the Federal Register. The NOI formally commences the 12-month timeline to complete the *National Environmental Policy Act* review and EIS preparation by the BLM. The NEPA process is designed to help public officials complete permitting decisions that are protective of the environment and includes a public engagement process.

A news release dated July 16, 2020 from the BLM Mount Lewis Office stated the following: "If approved, this project would provide hundreds of jobs and will contribute to the nation's domestic source of critical minerals," said Doug Furtado, Battle Mountain District Manager. "The Gibellini mine would also be the first vanadium mine in the U.S. and, in accordance with Secretarial Order 3355, we anticipate having a record of decision in 12 months.

The Gibellini project conforms to the current U.S. administrations green energy initiatives and the EIS Record Of Decision ("ROD") is expected in early 2022. Operating permits from the State of Nevada are on track to be received on the same timeline as the ROD. The renewable energy alternative in the EIS includes 6 MW of solar panels and a 10 MW vanadium flow battery to provide 100% of the Gibellini project's electrical power demand. If selected by the BLM, the Gibellini project would be the first mine in the US completely powered by renewable energy. The Gibellini project would also be the first primary vanadium mine in the U.S.

As there is currently no primary domestic production of vanadium, the United States is dependent on foreign sources of vanadium; this creates a strategic vulnerability for both the economy and military to adverse government action or other events that can disrupt the supply of this key mineral."

During the year ended December 31, 2020, the Company incurred total costs of \$2,435,857 (2019 -\$4,956,939; 2018 - \$2,727,759) for the Gibellini Project including for \$897,085 (2019 - \$3,200,773; 2018 - \$1,509,587) for geological and engineering services, \$1,190,607 (2019 - \$1,470,007; 2018 - \$831,023) for personnel, legal, general and administrative expenses and \$348,165 (2019 -\$286,158; 2018 - \$387,149) for royalties, fees and taxes. Also, during the year ended December 31, 2020, the Company incurred total costs of \$2,237,077 (2019 -\$Nil; 2018 - \$Nil) for the Bisoni claims and 16,489 (2019 - \$Nil, 2018 - \$Nil) for the Gibellini claims.

Planning Activities

The Company intends to spend the available funds based on annual budgets approved by the Board of Directors consistent with established internal control guidelines, and programs recommended in the 2018 Gibellini PEA. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly and will depend on a number of factors, including those referred to under "Risk Factors".

The Company's 2021 objectives are:

- To continue with the permitting process in order to obtain necessary permits and authorizations prior to conducting Project-related activities to ensure compliance with all applicable regulatory requirements. Anticipated permits are presented in the following Table:

REQUIRED PERMITS AND REGULATORY AUTHORIZATIONS FOR GIBELLINI PROJECT

Permits and Authorizations	Regulatory Agency
Plan of Operations/Record of Decision	Bureau of Land Management
Explosives Permit	U.S. Department of the Treasury, Bureau of Alcohol, Tobacco, and Firearms
Surface Disturbance Permit and Class II Air Quality Operating Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Air Quality
Water Pollution Control Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Mining Regulation and Reclamation
Mining Reclamation Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Mining Regulation and Reclamation
Industrial Artificial Pond Permit	Nevada Department of Conservation and Natural Resources, Nevada Department of Wildlife (NDOW)
Class III Waiver Landfill Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Solid Waste
General Discharge Permit (Stormwater)	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Water Pollution Control
Hazardous Materials Storage Permit	State of Nevada, Fire Marshall Division
Hazardous Waste Identification Number	United States Environmental Protection Agency
Septic Treatment Permit Sewage Disposal System Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Water Pollution Control
Potable Water System Permit	Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Safe Drinking Water
Radioactive Materials License	Nevada Department of Health and Human Services, Nevada State Health Division, Radiological Health Section
Dam Safety Permit	State of Nevada Division of Water Resources
Local Permits	
County Road Use and Maintenance Permit/Agreement	Eureka County Building Planning Department

- To continue to seek potential offtake or strategic investment partners.
- To further explore the Gibellini Project and evaluate prospects from the Bisoni Project.

NON-MATERIAL PROPERTIES

Sunawayo Project, Bolivia

Project Location

Located in central Bolivia, the Company's Sunawayo Project is contiguous with the Malku Khota project ("MK"). The Malku Khota deposit with a 350million-oz historic silver resource sits 200 meters south of the Sunawayo-MK border ("MK Border"). The Sunawayo Project features a 17km property extent which covers 59.5 square km of prospective area and includes an active 100 ton-per-day open-pit mining operation located 10km north of the MK Border.

In the Company's first-pass reconnaissance, undertaken while possessing only limited site data, the Company's geologists identified at least four high priority areas along the 11km lithological trend that hosts the Malku Khota deposit. These areas are called Caballo Uma, Pujiuni, Mine Area and MK Border.

The Sunawayo Project is patented land which the Company acquired through the Sunawayo SPA, whereas Malku Khota is unpatented land administered by COMIBOL. In January of 2020, the Company applied for a mining production contract with COMIBOL that would give it the rights to mine and explore Malku Khota. The application was received by COMIBOL and is currently under review. While the Company is engaging with COMIBOL to advance this process, the Company has not been provided with any timelines for any eventual approval.

The purchase of the Sunawayo Project included a fully permitted 100 ton-per-day open-pit mining operation that produces lead concentrate. The Sunawayo Project has a strike of 17 kilometers which covers 59.5 square kilometers of prospective area. The Sunawayo Project has ready access to water and power and is located 165 kilometers by road from Bolivia's 5th largest city, Oruro.

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History

Artisanal mining in the Sunawayo area is known been conducted dating back to Spanish Colonial times, pre-1800, reportedly mining for silver and gold mining and therefore mining activity has a several hundred year history in the region, though predominantly focused on the adjacent concessions to the southeast, known as the Malku Khota property, which is host to a historical polymetallic silver deposit reportedly containing up to 350Moz of silver. There are no records describing the historical exploration or prospecting work. Currently on the north portion of the property is a 100 tonne-per-day lead mining operation known as the Cerusita Mine operated by a private interest, that mines Pb-carbonate (cerussite). No silver production has been reported from this operation.



Regional Geology

The Sunawayo Project is located in the Andean Cordillera of Bolivia, which has been characterized as a classic example of a convergent continental plate margin. The Andean Cordillera consists of three segments, northern, central, and southern Andes; each of these segments has some similarities but also have distinctly different Mesozoic and Cenozoic geologic histories. The Sunawayo Project is located in southwestern Bolivia, within the central portion of the Andes and near a major westward oroclinal bend in the cordillera. The central Andes in Bolivia consist of three distinct and contiguous provinces: the Cordillera Occidental, Altiplano, and the Cordillera Oriental, listed in order from west to east. These three provinces are crosscut by the Central Volcanic Zone which is the largest of the three active volcanic chains that comprise the Andean Cordillera. The Sunawayo Project lies within the Cordillera Oriental.

Project Geology

In the Sunawayo Project area, the Paleozoic rocks are unconformably overlain by the Jurassic Ravelo Formation, which consist of white, yellow and red, medium to coarse-grained sandstones that exhibit distinct Aeolian crossbedding structures and are locally intercalated with siltstones and conglomerate lenses. The Ravelo Formation is unconformably overlain by the middle Cretaceous Aroifilla and Chaunaca Formations which consist of sandstones, siltstones, mudstones, marls, and evaporates with a distinctly reddish color due to abundant iron oxides. The Aroifilla Formation unconformably overlies the Ravelo Formation, and consists of intercalated "red bed" siltstones, mudstones, and sandstones. Fractures are coated with iron oxides, and small rounded iron oxide and siderite nodules are common in the stratigraphic section immediately above the contact with the Ravelo Formation. The El Molino Formation unconformably overlies the Aroifilla Formation and is interpreted to be the core of a synclinal fold sequence on the property and is characterized by white beds of calcareous siltstones and limestones.

Deposit Descriptions

Sunawayo, Malku Khota, and Sedex Deposits

While there currently is no deposit that has been discovered on the Sunawayo Project it's southeast boundary lies only 200m from a historic polymetallic silver deposit known as Malku Khota (containing a historic resource of 350-million-oz silver based on 42,704 meters of drilling between 2007 and 2010). Mapping and sampling completed by the company has confirmed that the district is situated within one very large hydrothermal system and is remarkably under-explored. Mapping has also confirmed that the geology of the Malku Khota lithological trend and host-sandstone units extend for another 8 km northwest into the Sunawayo Project without having received a single exploration drill hole.

The deposit model that has been invoked for Malku Khota is known as a sedimentary exhalative ("Sedex") style deposit. Sedex-style silver-lead-zinc deposits account for 50% of the world's lead and zinc reserves and 30% of the world's silver resources (2019 USGS Data). Large, regional scale Sedex systems can span hundreds of kilometers, forming large tonnage deposits. Examples are Glencore's Mount Isa mine and Teck's Red Dog mine.

Exploration

There are no records describing the historical exploration or prospecting work. The property is a grassroots project with no historical mapping or drilling. The Company commenced a geological mapping program in late-2020 focusing on lithological similarities and continuities with the Malku Khota deposit-hosting rocks to the southeast and how they relate to lithologies observed on the Sunawayo Project. The Company has confirmed that the host-stratigraphy for the Malku Khota deposit does extend for at least 8km northwest onto the Sunawayo Project.

Activities and Developments

No exploration has been conducted on the property prior to the Company's acquiring rights to explore the Sunawayo Project in 2020.

2020

On September 28, 2020, the Company announced that all of the initial forty-eight chip and grab samples collected from surface outcrops and adits at the Sunawayo Project returned anomalous Ag-Pb assayed values. Ten of the assayed samples contain either over 100g/t silver or 10% lead or both. The results vastly exceeded the Company's expectations and are an early indication of the potential for multiple mineral discoveries at the Sunawayo Project.

In the Company's first-pass reconnaissance, undertaken while possessing only limited site data, the Company's geologists identified at least four high priority areas along the 11km lithological trend that hosts the Malku Khota deposit. These areas are called Caballo Uma, Pujiuni, Mine Area and MK Border.

On January 21, 2021 the Company announced that a 2,300 meter drilling program had commenced at its Sunawayo Project. Since that time the Company has collected over 900 samples along an 8 km strike length. Over 86% of those samples returned silver assay results grading from 1 g/t to 458 g/t. A total of 15 drillholes have been planned over a span of 3km to test potential mineralized structures at the Caballo Uma and Pujiuni targets at the Sunawayo Project. The Company completed the drill first hole while continuing its mapping and sampling program at the Sunawayo Project, which spans 17km totaling an area of 59.5 km².

Caballo Uma (28 samples; 1.6km by 1.0 km)

Caballo Uma is located approximately 7km south of Mine Area and 5 km northwest of MK Border. There are numerous adits at Caballo Uma, with samples returning high grade silver values over a span of 1.6 km in a southeast-northwest trend. Company geologists observed mineralization associated with extensive, multiple east-west trending vein systems, stockworks, and hydrothermal breccias. Results from Caballo Uma are tabulated below:

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93323	Caballo Uma	CHIP	397	2.63	0.67	475
93329	Caballo Uma	CHIP	293	4.26	2.04	448
93327	Caballo Uma	GRAB	289	1.92	0.44	344
93324	Caballo Uma	GRAB	288	0.27	0.01	294
93303	Caballo Uma	CHIP	169	12.55	0.26	452

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93321	Caballo Uma	GRAB	158	20.00	0.01	597
93322	Caballo Uma	GRAB	79	1.14	0.18	110
93328	Caballo Uma	GRAB	77	0.61	0.24	97
93302	Caballo Uma	CHIP	59	3.02	0.03	126
93325	Caballo Uma	GRAB	48	0.07	0.44	63
93330	Caballo Uma	GRAB	48	10.05	2.35	339
93305	Caballo Uma	CHIP	28	4.08	0.02	118
93319	Caballo Uma	CHIP	23	1.73	0.03	62
93320	Caballo Uma	GRAB	22	1.40	0.02	53
93301	Caballo Uma	CHIP	14	3.94	0.01	101
93306	Caballo Uma	CHIP	12	1.43	0.01	44
93316	Caballo Uma	GRAB	9	2.81	0.61	89
93326	Caballo Uma	CHIP	9	0.02	0.03	10
93314	Caballo Uma	CHIP	8	2.79	0.45	83
93317	Caballo Uma	CHIP	7	0.59	0.01	20
93313	Caballo Uma	CHIP	6	1.62	0.41	54
93307	Caballo Uma	GRAB	5	3.43	0.01	81
93304	Caballo Uma	GRAB	5	0.33	0.00	12
93315	Caballo Uma	CHIP	3	0.50	0.03	15
93318	Caballo Uma	CHIP	3	0.36	0.10	14
93308	Caballo Uma	GRAB	2	0.87	0.08	23
93311	Caballo Uma	GRAB	0	5.36	2.70	199
93312	Caballo Uma	GRAB	0	0.20	2.24	72

Pujiuni (11 samples; 1.0 km by 0.5 km)

Pujiuni is 3.5 km south of Mine Area and 8.5km northwest of MK Border. It has several artisanal workings; some possibly dating back to Spanish-era 1800's. The Pujiuni area is known locally to carry high grade silver minerals. One hydrothermal breccia returned the highest silver assay at 477 g/t silver, and over 20% lead. Mineralization is disseminated in sandstones or as stockwork veins in hydrothermal breccias. These features have also been observed in the Malku Khota deposit. Pujiuni results are tabulated below:

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93337	Pijiuni	CHIP	477	>20	0.02	916
93334	Pijiuni	CHIP	37	4.28	0.03	132
93336	Pijiuni	CHIP	35	0.59	0.13	52
93338	Pijiuni	CHIP	22	0.63	0.16	41
93335	Pijiuni	GRAB	20	0.37	0.01	28
93339	Pijiuni	GRAB	15	0.32	0.25	29
93332	Pijiuni	CHIP	13	1.88	0.07	56
93342	Pijiuni	CHIP	12	0.96	0.02	34
93341	Pijiuni	CHIP	11	0.40	0.02	20
93331	Pijiuni	CHIP	9	1.11	0.11	37
93333	Pijiuni	CHIP	8	0.26	0.04	15

Mine Area (7 samples; 2.0km by 0.5km)

The current 100 tonne-per-day mining operation is known as Mine Area and is located 10km from the MK Border. The area features a 180m by 70m small pit at 30 meters depth, and several surrounding quarries. The mined materials are fed first to a crusher, and then to a gravimetric concentrator. The lead concentrate is produced and exported. A single mine-feed sample taken from the crusher assayed 223 g/t silver and over 20% lead. Below the pit there are underground workings for silver mineral extraction. The Company plans to maintain the status quo for the mining operation but possibly expand it in latter part of 2021 after evaluation. The priority for the Company is to explore the property-wide mineral potential of the Sunawayo Project. Samples from Mine Area are shown below:

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93344	Mine Area	GRAB	6	1.56	0.61	58
93343	Mine Area	GRAB	4	0.24	0.02	10
93347	Mine Area	GRAB	3	>20	0.01	442

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93345	Mine Area	GRAB	2	1.84	0.03	43
93346	Mine Area	GRAB	1	14.20	0.25	320
93349	Mine Area	CHIP	1	2.85	0.01	64
93348	Mine Area	GRAB	0	1.83	0.66	60

MK Border (2 samples, border length 3km)

Just two samples were taken from sandstones at road cuts at the 3km-long MK Border. Both samples showed the presence of silver as shown below:

Sample ID	Area	Type	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
93310	MK Border	GRAB	8	0.05	0.17	14
93309	MK Border	GRAB	8	0.01	0.10	11

48 chip and grab samples, range in length from 1 to 4 meters (2.4-meter average).

Silver equivalent calculation uses a silver price of \$25.00/oz, a zinc price of \$1.10/lb., a lead price of \$0.80/lb. (all USD), and assumes a 100% metallurgical recovery. Silver equivalent values can be calculated using the following formula: $AgEq = Ag\ g/t + (Zn\ \% \times 30.1644) + (Pb\ \% \times 21.9377)$. Samples indicating $\geq 20\%$ Pb are calculated using 20% Pb.

The Company further announced that due to the daily COVID-19 infection count below 500 in Bolivia, the Company commenced mobilizing to start geological and structural mapping to ascertain the primary controls and trends for mineralization at the Sunawayo Project. This work will lay the foundation for defining drill targets by year's end.

2021

The Company commenced the maiden drilling program for the Sunawayo Project in January 2021. The first 2 drillhole results were received in February 2021, and announced on February 24, 2021. The first drill hole intercepted 137 meters of mineralization grading 36 g/t silver, starting from 0 meters-depth. The second drill hole intercepted 31 meters of mineralization grading 44 g/t silver, 0.39% lead, and 0.48% zinc from 1 meter-depth. Both SWD001 and SWD002 (240 meters to the southeast of the former) feature near-uniform silver assays throughout the reported intervals. Composited results for SWD001 and SWD002 are tabulated below:

Hole ID	From	To	Length (m)	Ag (g/t)	Pb %	Zn %	AgEq* (g/t)
SWD001	0.0	137.0	137.0	36	0.12	0.02	39
SWD002	1.0	32.0	31.0	44	0.39	0.48	67
incl...	21.0	30.0	9.0	48	0.73	1.57	112

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range from 80% to 85% of reported core length. (*)Silver equivalent calculation uses a silver price of \$25.00/oz, a zinc price of \$1.10/lb., and a lead price of \$0.80/lb. (all USD) and assumes a 100% metallurgical recovery. Silver equivalent values can be calculated using the following formula: $AgEq = Ag\ g/t + (Zn\ \% \times 30.1644) + (Pb\ \% \times 21.9377)$.

These 2 holes were the first results from 15 planned drillholes.

During the year ended December 31, 2021, the Company incurred total costs of \$765,729 (2020 - \$116,152; 2019 - \$Nil) for the geological and consulting services for the Sunawayo Project.

The Company currently has no 2022 plans with respect to the Sunawayo Project. During the year ended December 31, 2021, the Company has suspended the Sunawayo property installment payments pending verification of the status of Sunawayo title and environmental permit (held by the Sunawayo Vendor) with authorities. The Company has notified the Sunawayo Vendor of their breach of certain disclosure representations in the Sunawayo SPA. To date, the Company has made one payment totaling US\$300,000 and has no further contractual obligations unless it wishes to pursue the SPA further to acquire Sunawayo. The Company has determined there was an indicator of potential impairment of the carrying value of the Sunawayo property due to the option agreement is not in a good standing. As result, in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources and IAS 36, Impairment of Assets, at December 31, 2021, the Company assessed the recoverable amount of the Sunawayo property exploration costs and determined that its value in use is \$nil. As of December 31, 2021, the recoverable amount of \$nil resulted in an impairment charge of \$1,278,817 against the value of the deferred exploration costs, which was reflected on the consolidated statement of operations.

Triunfo Project, Bolivia

Project Location

The Triunfo Project area covers approximately 256 hectares located in the La Paz Department. The Triunfo Project is located about 35 kilometers east of the Bolivian capital of La Paz at an elevation of approximately 4,500 meters. Access is gained by a well-maintained gravel road from La Paz. We have completed construction of a 2.5-kilometer road to the property. The project hosts a large mineralized area extending for at least 800 meters in length and up to 200 meters in width. Mineralization occurs as a stockwork zone of veining within a sequence of Paleozoic shales, siltstones and quartzites. Within the mineralized zone, surface sampling has returned elevated values of gold, silver, lead and zinc.

History

In mid-2007 Solitario Resources completed three core holes totaling 679 meters. All three holes intersected significant widths of low-grade polymetallic mineralization. Drill hole T-1 intersected 94.2 meters grading 0.65% lead, 0.39% zinc, 21.8 gpt silver and 0.39 gpt gold. The results of these three holes were highly encouraging, but Solitario Resources were monitoring the political situation in Bolivia before committing to a second round of drilling. Artisanal mining by locals has been ongoing in the area for decades however no historical records are available on the property.

Summary of Geological Setting and Mineralization Regional Geology

The regional geological setting is characterized by a prevalence of late-Ordovician to mid-Devonian rocks, with mid-Devonian supracrustal rocks overlaying metamorphic Ordovician basement rocks that have undergone northeast-southwest regional transpressional stress leading to isoclinal folding throughout the region. The project lies within the Bolivian altiplano of the Central Andes, in the Pre- Andean Cordillera, in the Sud Yungas Province, Department of La Paz.

Project Geology

The Triunfo Project is comprised of predominantly Silurian rocks of the Llallagua and Uncia Formations, which consist predominantly of fine-grained metasedimentary rocks, principally as black shales interbedded with quartzites. The property is characterized by tight isoclinal folds manifest as anticlinal sequences whose axes trend roughly west-northwest. This folding appears to have resulted in providing controlling structures for observed mineralization on the property.

Deposit Descriptions

Mineralization

The mineralization is characterized by pyrite, arsenopyrite, galena, and sphalerite and carries gold, silver, and zinc and lead in various proportions.

Mineralization outcrops at the surface and continues for at least 750 meters in three discrete blocks, known as A, B, and C. The mineralized blocks have widths varying from 20m to 150m and are locally displaced for several meters by north-east trending faults.

In the past decade, some artisanal mining has been developed where gold mineralization has been identified. Those areas have been principally mined for gold. They demonstrate a continuity of mineralization along the strike and to modest depths.

The Triunfo Project mineralization can be described polymetallic vein-style mineralization hosted in metasediments or possibly Saddle Reef-style mineralization occurring through the Silurian and Devonian periods. The metasediments were intruded by nearby plutonic batholiths which are likely related to the mineralizing event. This style of mineralization is well documented in Bolivia. Examples include Cerro Rico and Porco, located in and around Potosi.

The mineralization is characterized by multiple veins (up to 1.0m wide) and veinlets. They are emplaced along fractures and faults that have developed on the flanks of an east-west trending anticlinal-synclinal sequence. Mineralization is also noted to occur in the sedimentary planes between slate layers. The slate layers can manifest as stockwork-style mineralization which tends to be elongated parallel to the anticlinal axis.

(*) Gold equivalent calculation uses a gold price of \$1,795, a zinc price of \$0.93, a lead price of \$0.80, and a silver price of \$18.30, and assumes a 100% metallurgical recovery. Gold equivalent values can be calculated using the following formula: $AuEq = Au \text{ g/t} + (Ag \text{ g/t} \times 0.2243) + (Zn \% \times 1.385) + (Pb \% \times 0.3055)$.

Historic Exploration

Exploration was conducted in 2005–07 by Solitario Resources, which made 3 drill holes, all of which intercepted mineralization. Historical hole TR-001 returned 94.2 meters grading 0.39 g/t Au, 21.8 g/t Ag, 0.65%Pb, 0.39%Zn, (0.95 g/t AuEq*), according to Solitario Resources SEC Form 10-K filings. Only 20% of the property was explored by Solitario. Highlights from this historic drill campaign are tabulated below:

Hole ID	From	To	Length (m)	Au (g/t)	Ag (g/t)	Zn %	Pb %	AuEq* (g/t)
TR001	53.8	148.0	94.3	0.40	21.80	0.39	0.65	0.96
TR002	10.7	91.8	81.1	0.28	24.57	0.58	0.70	0.95
TR003	89.6	147.1	57.5	0.25	24.88	0.53	0.77	0.93

Activities and Developments

2020

Mineral rights for the Triunfo Project were acquired by the Company in 2020 and marks the first year since 2007 that any exploration has been conducted on the property. Two work programs were completed during the year. The first program consisted of a reconnaissance sampling program that was conducted as part of the initial evaluation of the property. The second program was 5-hole diamond drilling campaign that was completed in the Fall of 2020. The nature and results of this work is described below in order of timing of completion.

Reconnaissance Sampling

On August 19, 2020, the Company announced that it had received its first chip sampling results. A total of 103 chip samples were collected from outcrops at surface and from underground adits and tunnels accessing the main east-west mineralized trend. The width of the samples varies from 1.0 to 5.3m, exhibiting an average width of 2.5m. These results confirm that the Triunfo Project exhibits near-surface Au-Ag-Pb-Zn mineralization where gold and silver account for a majority of the value.

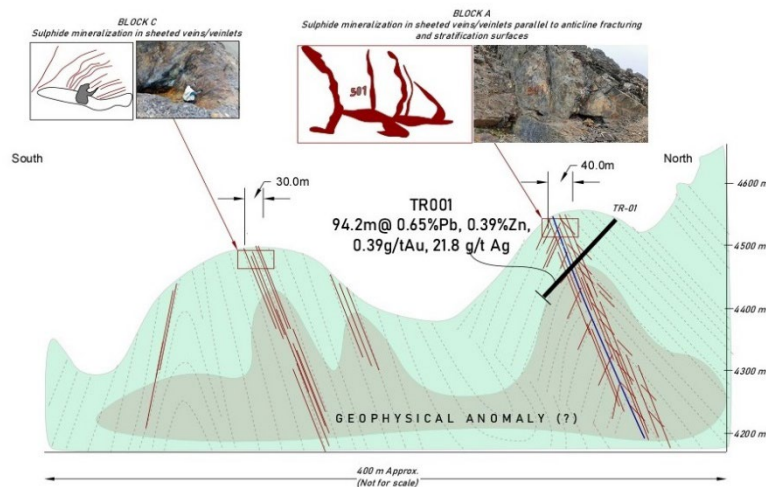
Sampling was conducted on two priority areas, known as Block A and Block B. These 2 contiguous blocks, located at the western portion of the property, span a total strike length of 750m at various widths from 20 to 100 m. Artisanal mining has been developed along predominantly east-west mineralized trends in the area (please refer to Company's news release dated July 13th, 2020). The sampling returned significant results from both Blocks. The table below shows the assay results, equal to and over 1.0 g/t Au Equivalent which represent over 36% of the samples (37 / 103).

ID	BLOCK	TYPE	WIDTH (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au Equiv (g/t)	Ag Equiv (g/t)
46506	A	chip channel	3.90	2.22	113.00	3.46	0.12	8.30	813.94
46505	A	chip channel	2.00	3.70	29.30	1.34	0.06	8.22	805.86
46504	A	chip channel	2.10	0.89	68.70	2.52	1.82	5.58	547.21
46503	A	chip channel	2.20	1.27	64.00	1.93	0.13	4.74	465.03
46502	A	chip channel	3.80	0.62	55.20	2.34	1.08	4.23	414.86
46501	A	chip channel	2.30	0.21	75.10	2.61	1.29	4.14	406.07
46299	A	chip channel	2.80	1.86	24.60	0.00	0.02	3.93	385.39
46298	A	chip channel	2.30	0.59	35.40	1.42	1.76	3.73	365.50
46297	A	chip channel	2.00	1.56	39.50	0.00	0.01	3.65	357.77
46296	A	chip channel	2.40	0.69	95.80	0.00	0.01	3.10	303.82
46295	A	chip channel	2.10	1.55	5.50	0.00	0.00	2.98	292.64
46294	A	chip channel	3.00	0.19	45.70	2.88	0.14	2.94	288.56
46293	A	chip channel	1.30	1.29	15.10	0.34	0.03	2.89	283.91
46292	A	chip channel	2.60	0.70	75.40	0.00	0.04	2.75	269.70
46291	A	chip channel	2.00	0.29	42.00	1.88	0.45	2.70	264.59
46290	A	chip channel	2.00	0.33	46.60	1.76	0.10	2.56	250.73
46289	A	chip channel	1.00	0.82	30.80	0.54	0.02	2.42	237.84
46288	A	chip channel	1.70	0.04	20.00	0.53	2.23	2.22	217.89

ID	BLOCK	TYPE	WIDTH (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au Equiv (g/t)	Ag Equiv (g/t)
46287	A	chip channel	1.00	0.70	30.00	0.35	0.11	2.14	209.93
46286	A	chip channel	3.40	1.00	14.20	0.00	0.00	2.13	208.64
46285	A	chip channel	3.00	1.08	5.40	0.00	0.00	2.11	206.82
46284	A	chip channel	2.00	0.43	25.20	1.02	0.37	2.10	205.63
46283	A	chip channel	2.20	0.92	5.90	0.00	0.00	1.82	178.46
46282	A	chip channel	1.30	0.94	1.90	0.00	0.00	1.78	174.77
46281	A	chip channel	1.50	0.49	42.10	0.00	0.01	1.71	167.73
46279	A	chip channel	2.40	0.76	13.70	0.00	0.00	1.67	164.16
46278	B	chip channel	2.00	0.33	17.00	0.59	0.41	1.54	151.10
46277	B	chip channel	2.10	0.55	26.40	0.00	0.00	1.52	149.28
46276	B	chip channel	2.00	0.29	15.50	0.54	0.23	1.29	126.13
46275	B	chip channel	2.00	0.47	6.20	0.25	0.23	1.28	125.73
46274	B	chip channel	4.00	0.63	1.50	0.00	0.00	1.20	117.52
46273	B	chip channel	2.30	0.59	3.70	0.00	0.00	1.17	114.48
46272	B	chip channel	2.90	0.55	4.10	0.00	0.01	1.11	108.53
46271	B	chip channel	2.00	0.23	10.70	0.30	0.36	1.04	101.91
46270	B	chip channel	2.40	0.43	9.00	0.02	0.02	0.99	96.87
46269	B	chip channel	2.50	0.05	22.70	0.25	0.46	0.97	94.82

Denser sets of veins and veinlets hosted by shales and quartzites appear to correlate with higher grades. The strike lengths of these mineralized trends have been recognized as continuing along several hundreds of meters at surface.

(*) Gold equivalent calculation uses a gold price of \$1,795, a zinc price of \$0.93, a lead price of \$0.80, and a silver price of \$18.30 (all USD), and assumes a 100% metallurgical recovery. Gold equivalent values can be calculated using the following formula: $AuEq = Au\text{ g/t} + (Ag\text{ g/t} \times 0.0102) + (Zn\% \times 0.3551) + (Pb\% \times 0.3055)$.



The mineralization is characterized by multiple veins (up to 1.0m wide) and veinlets. They are emplaced along fractures and faults that have developed on the flanks of an east-west trending anticlinal-synclinal sequence. Mineralization is also noted to occur in the sedimentary planes between slate layers. The slate layers can manifest as stockwork-style mineralization which tends to be elongated parallel to the anticlinal axis.

Diamond Drilling

A 5-hole diamond drilling program at the Triunfo Project was commenced in late-August of 2020. A total of 1,017 meters was drilled and the Company reported results for this program on November 25th, 2020. Highlights from this drilling includes:

Hole ID	From	To	Length (m)	Au (g/t)	Ag (g/t)	Zn %	Pb %	AuEq* (g/t)
TR006	40.0	76.0	36.0	0.49	15.46	0.54	0.44	0.97
including...	58.0	72.0	14.0	0.48	20.23	0.76	0.66	1.16
TR007	13.0	111.9	98.9	0.37	22.71	0.74	0.58	1.04
including...	63.0	111.9	48.9	0.42	35.49	1.17	0.83	1.45
TR008	6.8	84.0	77.3	0.31	17.65	0.57	0.53	0.85
including...	45.0	51.4	6.4	1.60	56.49	1.66	0.94	3.05

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range between 54-65% of reported core length.

(* Gold equivalent calculation uses a gold price of \$1,795, a zinc price of \$0.93, a lead price of \$0.80, and a silver price of \$18.30 (all USD), and assumes a 100% metallurgical recovery. Gold equivalent values can be calculated using the following formula: $AuEq = Au \text{ g/t} + (Ag \text{ g/t} \times 0.0102) + (Zn \% \times 0.3551) + (Pb \% \times 0.3055)$.

Mineralization is hosted in altered black shales exhibiting hydrothermal sheeted quartz-carbonate vein sets that are concentrated along the axes of regional anticlinal fold structures.

Detailed Assay results are detailed in the table below:

Hole ID	From	To	Length (m)	Au (g/t)	Ag (g/t)	Zn %	Pb %	AuEq* (g/t)
TR004	14.0	15.0	1.0	0.24	18.85	0.21	0.65	0.70
	17.0	18.0	1.0	0.74	2.21	0.03	0.04	0.78
	71.0	74.0	3.0	1.11	5.01	0.00	0.00	1.16
TR005	61.0	62.0	1.0	0.59	8.00	0.00	0.01	0.67
	122.0	124.0	2.0	0.50	2.29	0.01	0.02	0.53
TR006	5.0	6.0	1.0	0.73	3.19	0.10	0.13	0.84
	20.0	21.0	1.0	0.15	11.10	0.35	0.29	0.48
	40.0	76.0	36.0	0.49	15.46	0.54	0.44	0.97
including...	58.0	72.0	14.0	0.48	20.23	0.76	0.66	1.16
TR006	94.5	101.5	7.0	0.56	23.21	0.82	0.56	1.26
	106.5	107.4	0.8	0.32	12.70	0.25	0.01	0.54
	120.0	121.0	1.0	0.07	15.90	0.50	0.67	0.62
	142.8	143.3	0.5	0.60	0.43	0.00	0.00	0.61
	190.0	191.3	1.3	0.72	89.58	2.07	0.16	2.42
TR007	13.0	111.9	98.9	0.37	22.71	0.74	0.58	1.04
including...	63.0	111.9	48.9	0.42	35.49	1.17	0.83	1.45
TR007	118.5	119.5	1.0	0.03	4.55	0.17	0.53	0.30
	121.5	122.5	1.0	0.30	3.69	0.07	0.46	0.50
	125.5	126.3	0.8	0.56	3.18	0.09	0.03	0.63
	179.0	181.0	2.0	1.05	1.38	0.01	0.01	1.07
	185.6	186.2	0.6	0.44	5.69	0.02	0.01	0.51
	196.0	197.0	1.0	0.74	1.46	0.00	0.00	0.76
TR008	6.8	84.0	77.3	0.31	17.65	0.57	0.53	0.85
including...	45.0	51.4	6.4	1.60	56.49	1.66	0.94	3.05
TR008	138.1	139.1	1.0	0.71	0.90	0.01	0.00	0.72
	149.0	151.0	2.0	0.10	22.73	0.78	0.03	0.61
	156.0	157.0	1.0	0.74	1.33	0.02	0.01	0.76
	183.0	183.6	0.6	1.65	2.62	0.02	0.01	1.69
	231.6	232.6	1.0	0.41	4.50	0.00	0.00	0.46
	247.5	250.0	2.5	1.64	35.99	0.00	0.00	2.01
	257.0	258.0	1.0	0.78	2.15	0.00	0.00	0.80

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range between 54-65% of reported core length.

The Company completed mapping and an IP survey in 2021. Geological mapping confirmed the theory that the Triunfo system extends eastward, for at least another 2.2 km. Sampling highlights from this mapping program are shown below:

El Triunfo East Sampling Results							
Sample No.	Type	Width (m)	Au (g/t)	Ag (g/t)	Zn %	Pb %	AuEq* (g/t)
3495	CHIP	0.6	4.3	173	0.07	2.5	6.8
3494	CHIP	1	2.4	34.4	0.12	0.55	3
3477	CHIP	1.1	2.3	44.9	5.88	6.57	6.9
6558	CHIP	2.4	1.9	1.1	0	0	1.9

El Triunfo East Sampling Results							
Sample No.	Type	Width (m)	Au (g/t)	Ag (g/t)	Zn %	Pb %	AuEq*
							(g/t)
6572	CHIP	1.9	1.4	0.6	0	0	1.4
3488	CHIP	1	0.9	8	0	0	1
3500	CHIP	2.2	0.9	187	4.48	5.4	6
6503	CHIP	1	0.7	15.4	0.32	1	1.3
3499	CHIP	2.6	0.7	38	0.06	1.03	1.4
6582	CHIP	0.3	0.7	294	2.09	6.11	6.3
6551	CHIP	5	0.6	0.9	0	0.01	0.7
3487	CHIP	3.9	0.6	0.7	0	0	0.6
6566	CHIP	4.7	0.5	0.5	0	0	0.5
6573	CHIP	1.1	0.5	0.5	0	0	0.5
3475	CHIP	3	0.5	124	0.9	4.74	3.5
6517	CHIP	1.1	0.3	24	3.08	0.76	1.9

*AuEq: Gold equivalent calculation uses a gold price of \$1,795, a zinc price of \$0.93, a lead price of \$0.80, and a silver price of \$18.30 (all USD) and assumes a 100% metallurgical recovery. Gold equivalent values can be calculated using the following formula: $AuEq = Au \text{ g/t} + (Ag \text{ g/t} \times 0.0102) + (Zn \% \times 0.3551) + (Pb \% \times 0.3055)$.

Triunfo now has a combined strike length of over 3 kilometers.

During the year ended December 31, 2020, the Company incurred total costs of \$463,665 (2019 - \$Nil; 2018 - \$Nil) for the Triunfo Project including for \$327,989 (2019 - \$Nil; 2018 - \$Nil) for geological and engineering services, and \$135,676 (2019 - \$Nil; 2018 - \$Nil) of acquisition cost.

The Company's 2021 Triunfo objectives are:

- Conduct geological and structural mapping over the property;
- Complete induced polarization (geophysics) survey over the property;
- Generate drilling targets from ground work; and
- Test targets with diamond drilling program.

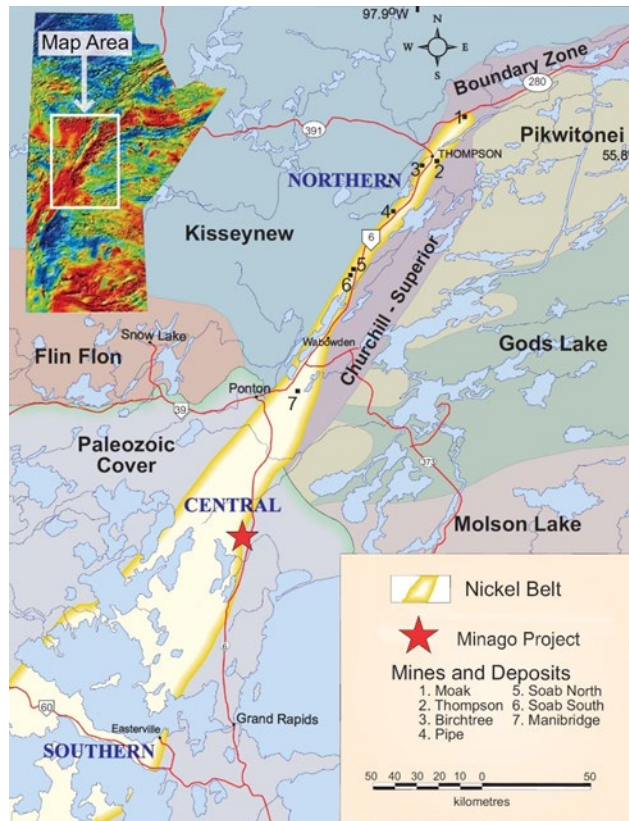
Minago Project, Manitoba, Canada

As of January 14th, 2022 the Company no longer holds an interest in the Minago Project as a result of the Arrangement.

Project Location

The Minago Project spans over 197 km² and is in the province of Manitoba, Canada, situated approximately 480km north of Winnipeg and 225km southwest of Thompson. The Minago Project site is close to existing infrastructure, including Manitoba Provincial Highway 6, a 230 kV high voltage transmission line that runs directly beside Highway 6, both of which transect the property. The Property may be served by the Hudson Bay Railway Company (HBR), with rail lines accessible from Ponton, Manitoba, approximately 65 km north of the Minago Project.

The Minago Project resides in the southern part of the TNB. It is recognized as the fifth largest nickel-bearing geological belt in the world with over 5 billion pounds of nickel production since 1958.



History

Geophysical Reservation 34 (GR 34), covering an area of 19.2 by 38.4 km, was granted to Amax Potash Ltd. (Amax) on November 1, 1966 for a period of two years, extended to April 30, 1969 in 1968. In March of 1969, Amax converted the most favourable prospective area of GR 34 to 844 contiguous claims and in April of 1969 an additional 18 claims were staked.

In 1973, the claims covering ground deemed to have the most potential for economically viable nickel mineralization were taken to lease status as Explored Area Lease 3 (North Block) and Explored Area Lease 4 (South Block). A subsequent agreement, dated December 12, 1973, granted Granges Exploration Aktiebolag (Granges) an option on the Explored Area Leases.

- On May 18, 1989, Black Hawk Mining Inc. (Black Hawk) purchased the Amax interest in the Explored Area Leases and on August 2, 1989 purchased the Granges interest and Net Smelter Return (NSR) royalty in the Explored Area Leases.
- On April 1, 1992, Explored Area Lease 3 and Explored Area Lease 4 were converted to Mineral Lease 002 and Mineral Lease 003 respectively.
- On March 18, 1994, a portion of Mineral Lease 002 was converted to mineral claims KON 1, KON 2, and KON 3.
- On March 18, 1994, a portion of Mineral Lease 003 was converted to mineral claim KON 4.
- On November 3, 1999, Nuinsco Resources Limited (Nuinsco) purchased the Black Hawk interest, subject to a graduated NSR royalty based on nickel prices.
- On February 1, 2007, Victory Nickel was formed through an arrangement with Nuinsco and was assigned the Minago Property along with several others.
- In October 2008, Victory Nickel acquired Independent Nickel Inc. which owned a royalty on the Minago Property.
- In February 2021, the Company successfully completed a transaction for the acquisition for 100% interest in the Minago Property.

Historic exploration on the property includes:

- AMAX EXPLORATION WORK – 1966 TO 1972: Amax conducted a regional scale exploration program on the southern extension of the Thompson Nickel Belt.
- GRANGES EXPLORATION WORK – 1973 TO 1976 Granges focused their efforts on the Minago nickel deposit conducting resource estimates, mining, metallurgical, and milling studies. The work concluded that the Minago nickel deposit was sufficiently confirmed and that further delineation and exploration should be conducted from underground workings.
- BLACK HAWK EXPLORATION WORK – 1989 TO 1991 Black Hawk conducted a deep penetrating ground electromagnetic survey, resource estimates, mining, metallurgical, and milling studies. A helicopter borne electromagnetic and magnetic survey covering the Property was obtained from Falconbridge Limited and interpreted.
- NUINSCO WORK – JUNE 2006 In June 2006 Nuinsco, requested an independent review of the geology, exploration history, historical resource estimates, resource estimates, and the potential for discovery of additional nickel mineralization. A report summarized the results of exploration conducted during the period from 1966 to 1991 and the work conducted by Nuinsco from 2004 to October 31, 2006.
- VICTORY NICKEL – 2007 TO 2020 Nuinsco spun out its subsidiary, Victory Nickel as a dedicated platform for the Minago Project. Victory Nickel completed a Feasibility Study in 2009 and an Environmental Impact Study in 2010 and secured permits in April of 2011 from the Manitoba Provincial Government for a 10,000 tpd open-pit mining operation. In 2011 and 2012, Victory Nickel completed over 6,000 meters of drilling on a mineralized extension to the north of the Nose deposit called the North Limb. In January of 2020, Victory Nickel completed two diamond drillholes on the property. No results are reported as work is incomplete due to restrictions caused by lockdowns in the COVID-19 pandemic.

Regional Geology

The regional geology comprises the eastern edge of the Phanerozoic sediments of the Western Canada Sedimentary Basin. The basin unconformably overlies Precambrian crystalline basement rocks, including the Thompson Nickel Belt. The basin tapers from a maximum thickness of about 6,000 m in Alberta to zero at the north and east, where it is bound by the Canadian Shield. The Property is located near the northeast corner of the basin, where it comprises approximately 53 m of Ordovician dolomitic limestone underlain by approximately 7.5 m of Ordovician sandstone.

The Precambrian basement rocks of the Thompson Nickel Belt form a northeast southwest trending 10 to 35 km wide belt of variably reworked Archean age basement gneisses and Early Proterozoic age cover rocks along the northwest margin of the Superior Province. Lithotectonically, the Thompson Nickel Belt is part of the Churchill Superior boundary zone.

The Archean age rocks to the southeast of the Thompson Nickel Belt include low to medium grade metamorphosed granite greenstone, and gneiss terranes and the high grade metamorphosed Pikwitonei Granulite Belt. The Pikwitonei Granulite Belt is interpreted to represent exposed portions of deeper level equivalents of the low to medium grade metamorphosed granite greenstone and gneiss terranes. The Superior Province Archean age rocks are cut by mafic to ultramafic dikes of the Molson swarm dated at 1883 Ma. Dikes of the Molson swarm occur in the Thompson Nickel Belt, but not to the northwest in the Kisseynew domain. The early Proterozoic rocks to the northwest of the Thompson Nickel Belt comprise the Kisseynew domain that is interpreted to represent the metamorphosed remnants of a back arc or inter arc basin.

The variably reworked Archean age basement gneisses constitute the dominant portion (volumetrically) of the Thompson Nickel Belt. The Early Proterozoic rocks that occur along the western margin of the Thompson Nickel Belt are a geologically distinguishable stratigraphic sequence of rocks known as the Opswagan Group.

Local Geology

There is no outcrop on the Property. Bedrock geology is interpreted from geophysical data, diamond drill hole core, and regional structural and isopach trends. The surface cover typically comprises 1.0 to 2.1 m of muskeg and peat that is underlain by 1.5 to 10.7 m of impermeable compacted glacial lacustrine clays. The clays are dark brown to grey and carbonate rich.

Underlying the surficial cover are flat lying Ordovician dolomite and sandstone. The dolomite is fine grained, massive to stratified and varies in colour from creamy white to tan, brown to bluish grey. Dolomite thicknesses range from 42 to 62 m with the thickness increasing southward. The upper 24 m of the formation is stratified with horizontal clay/organic beds 1 to 5 mm in thickness, spaced at intervals ranging from millimeters to one meter. A stratified zone of dolomite breccia and microfracturing characterized by dolomite clasts in a carbonate clay matrix and varying in thickness from 0.3 to 3.0 m is located 15 m to 21 m below the surface of the formation. Scattered throughout the dolomite are occasional soft clay seams ranging from 1 to 2 centimeters (cm) in thickness. The seams may contain dolomite fragments and sand grains and vary in orientation from semi-horizontal to semi-vertical.

The Ordovician sandstone of the Winnipeg Formation occurs stratigraphically below the dolomite approximately 46 to 73 m below surface. The sandstone ranges in thickness from 5.1 to 15.9 m. Cohesiveness varies from consolidated and carbonate cemented to semi-consolidated, friable and clay/silt rich to unconsolidated sand. Clay/silt rich zones are brown grey in colour while white zones are carbonate cemented.

The Precambrian basement comprises a variety of lithologies briefly described and listed below, in decreasing order of abundance.

1. Granitic rocks include granite, granitic gneiss (foliated granite) and pegmatite sills and dikes. Typically grey to pink, the granitic rocks range from almost white to almost red in colour. Grain size ranges from fine to coarse with medium to coarse grain size predominating. Textures vary from massive to strongly foliated. The granitic rocks are mostly potassium (K) feldspar rich, may contain up to 15% biotite and appear to intrude all other rock types.
2. The fine to coarse grained ultramafic rocks that host the nickel deposit include serpentinized dunite, peridotite (harzburgite, lherzolite, wehrlite) and pyroxenite (orthopyroxenite, websterite, clinopyroxenite). The ultramafic rocks dip vertical to near vertical with individual bodies having strike lengths up to 1,525 m and widths up to 457.2 m. Serpentinization varies from intense to weak and appears to decrease with depth, most markedly a change is observed at approximately 400 m below surface. Zoned contact alteration on a centimeter to meter scale occurs adjacent to granite and some fractures. From most intense (adjacent to granite or fracture) to least intense (furthest from granite or fracture) the alteration typically comprises biotite/phlogopite-chlorite-tremolite.
3. Metavolcanic rocks, interpreted to be Bah Lake Formation, include chloritebiotite schist and amphibolite. Amphibolite is dark green to black, fine to medium grained, foliated and lineated.
4. Metasedimentary rocks, interpreted to be Pipe Formation, comprise sillimanite paragneiss, siliceous sediments, skarn, iron formation, graphitic sediments, semi pelite and calc silicate. Distinctive minerals include graphite, sillimanite, garnet, diopside, carbonate, muscovite and very fine grain quartz. Sulphide facies iron formation comprises semi-massive to massive pyrite and pyrrhotite, sometimes nodular, and associated with detrital metasediments often containing siliceous fragments and includes sulphide breccia in zones of cataclastic deformation.
5. Molson dikes and sills that are olivine rich. The Precambrian lithologies have undergone complex multiphase ductile and brittle deformation. Interpretations of magnetic data suggest that the ultramafic rocks containing the Minago deposit have undergone dextral strike slip fault movement which resulted in a large Z shaped drag fold and that the deposit flanks the axial plane of an eastern limb. Vertical longitudinals of the mineralized zones indicate that the folded limb plunges steeply towards the southeast.

The Opswagan Group hosts the nickel deposits of the Thompson Nickel Belt. Within the Opswagan Group almost all of the nickel deposits of the Thompson Nickel Belt are found within lower Pipe Formation.

Deposit Description

The Minago Property is part of the southern extension of the TNB, which constitutes part of the larger Circum- Superior Boundary Zone (CSBZ), where the TNB component of the CSBZ extends from approximately 50 km northeast of Thompson to approximately 125 km southwest of Thompson, from where it is covered by Paleozoic carbonate platform rocks. Beneath the Paleozoic platform, the geophysical expression of the TNB continues approximately 275 km southward towards the Saskatchewan border, where the Circum-Superior Boundary Zone is interpreted to continue into North Dakota to a depth of 500 to 2000 m beneath Paleozoic and Mesozoic rocks. The Minago deposit occurs under the Paleozoic cover rocks and is expressed in magnetometer surveys that have been completed in the area. The formation of the TNB-style mineralization has been attributed to pre-existing komatiite-associated nickel deposits that have undergone later deformation resulting in remobilization of nickel sulphide into structural traps within fold structures. Komatiite-associated Ni sulphide deposits, such as those in the TNB, are part of a continuum of lithotectonic associations in the family of magmatic Ni-Cu-(PGE) deposits.

Environment Act License

In August 2011, the Minago Project achieved a major milestone when the *Environment Act License* ("EAL") was issued by the province of Manitoba. The prior operator of the project subsequently filed a Notice of Alteration (NOA) to the EAL, in December 2013, related to relocation of the tailings management area to address First Nation concerns. The NOA process was not completed by the prior operator and remains outstanding. Since acquiring the project in February 2021, Silver Elephant has re-engaged the Manitoba Government regarding the NOA status for the 10,000 tonne-per-day open-pit mining operation at Minago. The ARDD has confirmed that the NOA can still be completed and the Company is currently working with ARDD to finalize the NOA approval, leading to issuance of an updated Environment Act License, which is tentatively expected by the end of 2021.

A socioeconomic assessment was conducted, and the prior operator signed a Memorandum of Understanding (MOU) with each of the Pimichikamak Cree Nation (Cross lake), Mosakahiken First Nation (Moose Lake), and Misipawistik Cree Nation (Grand Rapids). The Company is re-engaging the First Nations with traditional territories that include the project site, including the Norway House Cree Nation, to work toward inclusion and renewal of the MOUs in 2021.

The Agriculture and Resource Development Department ("ARDD") has expressed support for the Minago Project, which would supply much needed Class 1 high-purity nickel to make nickel-lithium batteries used in electric vehicles.

Low Carbon Operation

Several initiatives are being considered or taken to minimize the carbon footprint of potential future mining operation at Minago. For mining, the Company will examine the use of a fully electric mine fleet and review the use of waste material to expose the serpentine component to air to absorb carbon dioxide through carbonation. For ore and waste processing, the crushing, milling and flotation processes would be powered by renewable hydroelectricity, which accounts for 97% of all electricity generation in Manitoba.

In the next 12 months, the Company intends to carry out core drilling programs at Minago to expand and upgrade existing mineral resources, complete the Notice of Alteration required to reissue the Environmental Act License established in 2011 and to integrate the 2021 MRE to update the historic Feasibility study, as well as to continue to seek partnerships with the stakeholder First Nation interests in the area.

The Minago Project is currently one of the projects subject to the Arrangement to be spun-out under the Company's wholly owned subsidiary, Flying Nickel Mining Corp., subject to shareholder approval in December, 2021, as announced on August 26, 2021.

Coal Projects

Ulaan Ovoo Coal Property, Mongolia

The Company acquired a 100% interest in the Ulaan Ovoo Property located in the territory of Tushig soum of Selenge aimag (province) in Northern Mongolia in 2010 from a private Mongolian company. On November 9, 2010, the Company received the final permit to commence mining operations at the Ulaan Ovoo Property. The focus of the Ulaan Ovoo PFS was for the development of low ash coal reserves in the form of a starter pit. During 2014, the Company faced challenges, such as significant dewatering of the resource, lack of demand, depressed coal sales prices, and higher than expected operating/transportation costs, resulting in limited production throughout the period. Pit dewatering has become a significant impediment to achieving consistent production, especially following mine standby during the periods of low market demand. The mine was placed on standby in Spring 2014 but continued coal loading and sales from the existing stockpiles. Due to the lack of sustained production, management has not sufficiently tested the mine plant and equipment to conclude that the mine has reached the commercial production stage. During the beginning of 2015, due to minimal increase in coal prices and decreased demand because of a mild winter, the Company decided to maintain the operations on standby though coal loading and sales from existing stockpiles continued to customers. The Company decided to sell the mining equipment to generate cash so that operations may continue.

In April 2015, the Company, through its wholly-owned subsidiary, Red Hill, entered into a purchase agreement with an arm's-length party in Mongolia to sell substantially all of its mining and transportation equipment at the Ulaan Ovoo Property for total proceeds of approximately \$2.34 million. The sale of equipment was completed in June 2015. Total proceeds (including the sale of equipment to other arm's-length parties) amounted to \$2.9 million in cash. The Ulaan Ovoo Property ceased pre-commercial operations in June 2015. The Company continued to maintain the Ulaan Ovoo Property operations on standby, incurring minimal general and administrative costs.

On October 16, 2018, the Company executed a lease agreement (the "Lease") with the Mongolian Lessee whereby the Mongolian Lessee plans to perform mining operations at Ulaan Ovoo Property and will pay the Company US\$2.00 for every tonne of coal shipped from the Ulaan Ovoo Property's site premises (the "Production Royalty"). The Mongolian Lessee paid the Company US\$100,000 in cash, as a non-refundable advance royalty payment and is preparing, at its own and sole expense, to restart and operate the Ulaan Ovoo Property with its own equipment, supplies, housing and crew. The Mongolian Lessee will pay all government taxes and royalties related to its proposed mining operation. The Lease is valid for 3 years with an annual advance royalty payment ("ARP") for the first year of US\$100,000 which was due and paid upon signing, and US\$150,000 and US\$200,000 due on the 1st and 2nd anniversary of the Lease, respectively. The ARP can be credited towards the Production Royalty payments to be made to the Company as the Mongolian Lessee starts to sell Ulaan Ovoo coal. The 3-year Lease can be extended upon mutual agreement. The first and second anniversary payments due have not been collected and the Company has recorded a full provision in the amount of \$470,278 (US\$350,000) due to uncertainty of their collection.

Since the signing of the Lease, the Mongolian Lessee has spent approximately US\$700,000 on supplies, housing and crew and restarted Ulaan Ovoo Property with its own equipment in March 2018 reporting approximately 21,000 tonnes of coal production and sales. In June 2019 the Ulaan Ovoo Property achieved record monthly coal production of 37,800 tonnes, however the operation was stopped in April and May due to the late approval of 2019 environmental plan. The approval was issued in June 2019.

During 2020 with the nationwide COVID-19 restriction the Mongolian Lessee mined approximately 82,000 tonnes of coal production and sales. The Mongolian Lessee continues to mine with its own equipment and exported its first wagon of coal to China in 2020.

In accordance with relevant laws and regulations, mining feasibility study and detailed environmental impact assessment had to be updated for the Ulaan Ovoo Property. With the COVID-19 restriction, the approval was delayed but the update of the Ulaan Ovoo feasibility study was approved by the Minerals Resource Council on April 22, 2020, and by the Minerals Resource and Petroleum Authority on November 2, 2020. The Company is working to get approval for the update to the detailed environmental impact assessment for the Ulaan Ovoo Property.

Chandgana Project, Mongolia

The Chandgana Project consist of the Chandgana Tal property and the Khavtgai Uul property (formerly named Chandgana Khavtgai) which are within nine kilometers of each other in the Nyalga Coal Basin in east central Mongolia and approximately 280 kilometers east of Ulaanbaatar. On November 22, 2006 the Company (then Red Hill Energy Inc.) entered into a letter agreement with a private Mongolian company that set out the terms to acquire a 100% interest in the Chandgana Tal property. On August 7, 2007, the Company (then Red Hill Energy Inc.) entered into a letter agreement with another private Mongolian company that set out the terms to acquire a 100% interest in the Khavtgai Uul property. Under the terms of the Chandgana Khavtgai agreement, the Company paid a total of US\$570,000. On February 8, 2011, the Company received a full mining license from the Mineral Resources Authority of Mongolia for the Chandgana Tal property. The license can be updated to allow mining of 3.5 million tonnes per year to meet the demand of the Chandgana Power Plant within 90 days.

During 2007, the Company performed geologic mapping, drilling and geophysical surveys of the Chandgana Tal and Khavtgai Uul properties. During June, 2010, The Company completed a 13 drill hole, 2,373 meter resource expansion drilling program on the Khavtgai Uul property, including 1,070 meters of core drilling, and five lines of seismic geophysical survey for a total of 7.4 line kilometers. The Company completed a 15 drill hole program during June-July 2011 to better define the coal resource of the Chandgana Tal licenses.

The Chandgana Tal property has been mined previously and occasionally during the Company's tenure to meet local demand. The Company decided not to mine during the 2017-2018 heating season because of insufficient demand. A dry lake was determined by the Ministry of Environment to overlap onto one of the Chandgana Tal licenses as determined under the Mongolian Law to Prohibit Mineral Exploration and Mining Operations at Headwaters of Rivers, Protected Zones of Water Reservoirs and Forested Areas (the "Long Named Law") but was resolved without loss to the Company. The Khavtgai Uul property has never been mined. The Ministry of Environment determined that a dry lake overlapped the Khavtgai Uul license as defined under the Long Named Law. This was resolved by removing the lake area from the license while not affecting the coal resource and mineability. The Company will continue to monitor the developments and ensure that it follows the necessary steps in the Amended Law on Implementation to secure its operations and licenses and is fully compliant with Mongolian law.

During 2017, preparatory work to convert the Khavtgai Uul exploration license to a mining license was completed. The Company engaged a contractor to prepare the required documents to convert the license to a mining license under which the right to explore is permanent. In 2017, as preparatory work to convert the Khavtgai Uul exploration license to a mining license necessary laboratory analysis work was done such as coal chemical, mineral and element analysis of duplicates of coal samples taken as a result of drilling work in past years as well as radiation analysis of coal ash. A report describing the results of geological and exploration work completed during 2017 was delivered to Geological division of Mineral Resources and Petroleum Authority of Mongolia (the former Mineral Resources Authority of Mongolia (MRAM)). Based on previous years of work a report of the reserves of the licensed area was prepared, and an official letter requesting an expert be appointed were submitted to the Mineral Resources Professional Council in January 2018. During 2018, the Company completed converting the Khavtgai Uul exploration license to a mining license.

During 2017 activities for the Chandgana Tal project included payment of license fees and environmental sampling and reporting. No exploration was completed on the Chandgana Tal licenses. The Company assessed the local market for coal and found there was not sufficient demand to warrant mining during the 2017-2018 heating seasons. Thus, the annual mining and environmental plans were not filed.

During 2020, the Company successfully received the approval of the feasibility study for the Khavtgai Uul project and intends to get approval for its detailed environmental impact assessment with the relevant ministries and complete the requirements to maintain the licenses.

For the Chandgana Tal project, the Company intends to update the mining feasibility study and report to certify land quality and characterization with the relevant ministries and complete the requirements to maintain the licenses.

ITEM 4A UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of the financial condition, changes in financial condition and results of operations of the Company should be read in conjunction with our consolidated financial statements and related notes, which have been prepared in accordance with IFRS as issued by the IASB, are included in this Annual Report. The discussion contains forward-looking statements (as previously defined) which are subject to numerous risks and uncertainties, as more fully described elsewhere in this Annual Report under the heading “*Cautionary Note Regarding Forward-Looking Statements.*”

A. Operating Results

Year Ended December 31, 2019 compared with Year Ended December 31, 2018.

We reported a net gain of \$17.5 million (\$0.17 gain per share) for the year ended December 31, 2019, which represents a decreased loss of \$35.7 million when compared to the year 2018 (\$0.23 loss per share). The decrease in net loss was primarily due to an impairment reversal of 13.7 million for the Pulacayo Project and a write-off the Bolivian tax liability of \$8 million in 2019 compared to impairment charges of \$18.2 million in 2018.

For the year ended December 31, 2019, we incurred operating expenses of \$3,505,562 (2018 - \$3,298,383).

The \$207,179 increase in operating expenses when compared to the year 2018 was due to a few factors. Advertising and promotion expenses increased by \$322,952 due to increased promotion efforts in the U.S. and Europe to raise market awareness and to raise equity financing. We incurred higher marketing costs because the Company is working with the financial community to make its projects known. Investor relations remains a priority due to the ongoing need to attract investment capital. Consulting and management fees decreased by \$4,058. General and administrative costs comprising head office costs including salaries, directors’ fees, insurance and costs related to maintaining the Company’s exchange listings and complying with securities regulations. General and administrative expenses decreased by \$71,107 in the year 2019 compared to the year 2018. Professional fees decreased by \$200,290, which was mainly due to reduced legal fees. Share-based payments costs are non-cash charges which reflect the estimated value of stock options granted. We use the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations over the period from the grant date to the vesting date of the option. The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option pricing model. The increase in share-based payments in 2019 by \$154,372 compared to 2018 was primarily related to the decrease in the number of options earned during the year 2019 compared to the year 2018. Travel and accommodation expenses slightly increased by \$5,310. The Company incurred additional travel expenses as it actively pursues the Pulacayo Project and Gibellini Project moving toward production and seeks financing.

For the year ended December 31, 2019, we incurred other expenses classified as “Other Items” amounting to a gain of \$21,019,416 compared to a loss of \$14,866,085 for the year 2018.

The decrease in loss of Other Items by \$35,905,501 in the year 2019 compared to the year 2018 is the net result of changes to a number of the following items:

- in the year 2019 costs in excess of recovered coal for Ulaan Ovoo increased by \$26,019 compared to the year 2018 due to increased activities at Ulaan Ovoo coal mine in Mongolia;
- foreign exchange loss increased by \$30,540 due to fluctuations in the value of the Canadian dollar compared to the United States dollar, Bolivian boliviano and Mongolian tugrik;
- in the year 2019, the Company recorded an impairment recovery of \$13,708,200 on its Pulacayo and impairment charges of \$51,828 and \$16,304 on prepaid expenses and receivables respectively;
- in the year 2018, the Company recorded a total of \$13,994,970 impairment charges on its Pulacayo Project and Chandgana Coal property incurred expenses, an impairment charge of \$425,925 on Bolivian mining equipment, and impairment charges of \$26,234 and \$21,004 on prepaid expenses and receivables respectively;
- in the year 2018, the Company sold 2.7 million shares of a public company for a realized loss of \$91,890. In the year 2017, the Company sold of 2.2 million Lorraine Copper Corp. shares for a realized loss of \$22,810; and
- in the year 2019, the Company recorded a write off Bolivian tax liabilities of \$7,952,700 due to the decision of the Supreme Court of Bolivia to discharge the Company of the contentious tax claim.

Year Ended December 31, 2020 compared with Year Ended December 31, 2019.

We reported a net loss of \$4.6 million (\$0.03 per share) for the year ended December 31, 2020, which represents an increased loss of \$22 million when compared to the year 2019 (\$0.17 gain per share). The increase in net loss was primarily due to an impairment reversal of 13.7 million for Pulacayo Project and a write-off the Bolivian tax liability of \$8 million in 2019 compared to impairment charges total of \$0.59 million in 2020.

For the year ended December 31, 2020, we incurred operating expenses of \$3,394,116 (2019 - \$3,505,562). In late January 2020, in response to the reported spread of COVID-19 the Company implemented measures, including travel restrictions, remote work, and supplemental health care, for the Company’s Canadian head office staff, as well as our Bolivian, Mongolian, and US-based staff. These measures had no material impact on the Company’s costs, nor did COVID-19 cause any significant disruptions to the Company’s operations.

The \$111,446 decrease in operating expenses when compared to the year 2019 was due to a few factors:

- advertising and promotion expenses decreased by \$253,153 from \$794,182 in the year 2019, to \$541,029 in the year 2020, due to decreased promotional activities and restricted travels during the COVID-19 pandemic;
- consulting and management fees increased by \$318,804 from \$251,552 in the year 2019, to \$570,356 in the year 2020, due to the issuance of a bonus in the amount of \$324,000 to management/consultants of the Company, which was paid by the issuance of Common Shares at a value of \$0.40 per share;
- general and administrative fees consisted of general office expenses and administrative services related to maintaining the Company’s exchange listings and complying with securities regulations and also included insurance, salaries and directors’ fees. General and administrative expenses decreased by \$189,181 from \$1,286,617 in the year 2019, to \$1,097,436 in the year 2020. The decrease is a result of cost cutting initiatives across the Company;
- professional fees increased by \$92,761, from \$228,594 in the year 2019, to \$321,355 in the year 2020, due to increased legal fees associated with the Offering and properties acquisitions;
- share-based payments costs are non-cash charges which reflect the estimated value of stock options granted. The Company uses the fair value method of accounting for stock options granted to directors, officers, employees, and consultants whereby the fair value of all stock options granted is recorded as a charge to operations over the period from the grant date to the vesting date of the options. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. Share-based payments increased in the year 2020, by \$62,815 compared to the year 2019. The increase was primarily related to the increase in the number of options earned during the year, 2020, compared to the year 2019; and
- travel and accommodation expenses decreased by \$143,492 from \$236,815 in the year 2019, to \$93,323 in the year 2020, due to decreased property site visits and restricted travels during the COVID-19 pandemic.

For the year ended December 31, 2020, we incurred other expenses classified as “Other Items” amounting to \$1,232,771 compared to a gain of \$21,019,416 for the year 2019. The increase in loss of Other Items by \$22,252,187 in the year 2020 compared to the year 2019 was the net result of changes to a number of the following items:

- in the year 2020 costs in excess of recovered coal increased by \$469,850 compared to the year 2019. This increase was mainly due to the change in estimate reclamation

- provision for Ulaan Ovoo coal mine in Mongolia;
- foreign exchange loss decreased by \$378,362 due to fluctuations in the value of the Canadian dollar compared to the United States dollar, Bolivian boliviano and Mongolian tugrik;
- in the year 2020, the Company recorded an impairment of prepaid expenses of \$121,125 compared to \$51,828 in the year 2019;
- in the year 2020, the Company recorded an impairment of receivables of \$470,278 compared to \$16,304 in the year 2019;
- in the year 2020, the Company recorded a gain on sale of equipment of 13,677 compared to a loss of 9,795 in the year 2019; and
- also, in the year 2019, the Company recorded an impairment recovery of \$13,708,200 on its Pulacayo property and wrote off Bolivian tax liabilities of \$7,952,700 due to the decision of the Supreme Court of Bolivia to discharge the Company of the tax claim.

Year Ended December 31, 2021 compared with Year Ended December 31, 2020.

For the year ended December 31, 2021, we incurred an operating loss of \$4,000,671 compared to a loss of \$3,394,116 in 2020. Of note for the year ended December 31, 2021, are the following items:

- advertising and promotion expenses totalled \$559,183 for the year ended December 31, 2021. An increase of \$18,154 from the previous year due to increased promotional services incurred to raise awareness in the market for financing opportunities during the current period;
- consulting and management fees totalled \$848,146 for the year ended December 31, 2021. An increase of \$277,790 from the previous fiscal year consisting of the Company's CEO share compensation and compensation paid to consultants hired with respect to the Minago Project.
- general and administrative fees consisted of general office expenses and administrative services related to maintaining the Company's exchange listings and complying with securities regulations, insurance, and salaries and directors' fees. General and administrative fees totalled \$1,353,050 for the year ended December 31, 2021. An increase of \$255,614 from the previous fiscal year due to increased salaries as new employees were hired for the Minago Project, in addition to stock exchange and shareholder services related to the Arrangement.
- professional fees totalled \$631,478 for the year ended December 31, 2021. An increase of \$310,123 from the previous fiscal year due to an increase in legal and audit fees related to the Plan of Arrangement.
- share-based payments decreased by \$186,816 for the year ended December 31, 2021 due to the lower number of options earned during the period; and
- travel and accommodation expenses decreased by \$68,310 from \$93,323 for the year ended December 31, 2020, to \$25,013 for the year ended December 31, 2021, due to decreased site visits.

The increase in loss of Other Items by \$1,596,272 in the year ended 2021 compared to the year ended 2020 was the net result of changes to a number of the following items:

- in the year 2020 costs in excess of recovered coal increased by \$1,140,090 compared to the year 2020. This increase was mainly due to a change in estimate for the reclamation provision for Ulaan Ovoo coal mine in Mongolia;
- foreign exchange loss decreased by \$414,824 due to fluctuations in the value of the Canadian dollar compared to the United States dollar, Bolivian boliviano and Mongolian tugrik;
- in the year 2021, the Company recorded an impairment loss on Sunawayo mineral property of \$1,278,817 compared to \$Nil in the year 2020;
- in the year 2021, the Company recorded a recovery of previously impaired receivables of \$50,906 compared to an impairment charge of \$470,278 in the year 2020;
- also, in the year 2021, the Company recorded a loss on sale of marketable securities of \$220,821 (2020 - \$Nil).

B. Liquidity and Capital Resources

The Company utilizes existing cash received from prior issuances of equity instruments to provide liquidity to the Company and finance exploration projects. The Company is of the opinion that its working capital is sufficient for its present requirements. The business of mineral exploration involves a high degree of risk and there can be no assurance that the Company's current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of mineral properties, and property and equipment interests and the Company's continued on going existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional sources of funding, and/or, alternatively, upon the Company's ability to dispose of some or all of its interests on an advantageous basis. Additionally, the current capital markets and general economic conditions are significant obstacles to raising the required funds. These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Given that COVID-19 may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, there is the possibility of an economic downturn which may affect our ability to access or raise capital through the issuance of our equity securities as and when needed for business operations.

Year Ended December 31, 2019 compared with Year Ended December 31, 2018

At December 31, 2019, we had cash flow of \$3 million representing a decrease of \$2.3 million from \$5.3 million held at December 31, 2018. The Company's working capital at December 31, 2019, was \$0.95 million compared to working capital of \$3.8 million at December 31, 2018.

During the year ended December 31, 2019, cash used in operating activities was \$2,675,513 compared to \$2,626,687 cash used during the prior year. The increased outflows in 2019 primarily related to increased activities of the Company to develop the Pulacayo Project and the Gibellini Project.

The year over year increase in cash used by operating activities is due to increased funds required for working capital changes. The Company has increased its efforts in managing operating costs in advance of cash flows from operations but will require financing in the near term to fund operations.

During the year ended December 31, 2019, we used \$6,236,965 in investing activities (2018 - \$3,628,762). We used \$113,564 (2018 - \$120,416) on purchase of property and equipment, \$6,123,401 (2018 - \$1,398,207) on mineral property expenditures.

During the year ended December 31, 2019, a total of \$6,626,085 was provided by financing activities including net proceeds from the Company's common share issuances of \$6,237,791, an additional \$174,250 from exercise of stock options, and \$250,572 from the exercise of warrants to purchase Common Shares of the Company. We spent \$36,528 for lease payments.

Year Ended December 31, 2020 compared with Year Ended December 31, 2019

At December 31, 2020, we had cash flow of \$7.6 million representing an increase of \$4.6 million from \$3 million held at December 31, 2019. The Company's working capital at December 31, 2020, was \$6 million compared to working capital of \$0.95 million at December 31, 2019.

During the year ended December 31, 2020, cash used in operating activities was \$2,549,042 compared to \$2,675,513 during the year ended December 31, 2019 (2018 - \$2,626,687). The decreased outflows in 2020 year related to decreased activities of the Company due to the COVID-19 pandemic.

During the year ended December 31, 2020, the Company used \$6,397,063 in investing activities (2019 - \$6,236,965, 2018 - \$3,628,762). During the year ended December 31, 2020, the Company spent \$6,336,166 (2019 - \$6,126,401, 2018 - \$3,609,896) on its mineral projects exploration activities, \$111,592 (year 2019 - \$113,564, 2018 - \$120,416) on purchase of equipment, and received \$50,695 on sale of equipment 2019 - \$Nil, 2018 - \$Nil).

During the year ended December 31, 2020, a total of \$13,536,550 was provided by financing activities (2019 - \$6,626,085, 2018 - \$7,458,938) including net proceeds from private placements of \$10,201,705 (2019 - \$6,237,791, 2018 - \$6,096,621), \$299,812 from exercise of stock options (2019 - \$174,250, 2018 - \$24,150), \$3,072,194 from exercise of warrants (2019 - \$250,572, 2018 - \$1,338,167). The Company also spent \$37,162 (2019 - \$36,528) for corporate office lease payments.

Year Ended December 31, 2021 compared with Year Ended December 31, 2020

At December 31, 2021, the Company had cash of 579,508 representing a decrease of \$7,028,641 from \$7,608,149 as at December 31, 2020. The Company's working capital, excluding assets and liabilities held for sale, at December 31, 2021 was a deficit of \$1.7 million.

During the year ended December 31, 2021, the Company closed the February 2021 Placement through the issuance of 1,000,000 Common Shares at a price of \$3.75 per Common Share. The February 2021 Placement raised gross cash proceeds of \$3,750,000. The Company paid \$73,875 in cash as finder's fees. Proceeds of the February 2021 Placement were used for exploration, working capital and general corporate purposes which may include project evaluations and acquisitions. As of December 31, 2021, the net proceeds from the February 2021 Placement were fully applied.

On November 15, 2021, the Company closed its non-brokered private placement (the "**November 2021 Placement**") offering of 1,700,000 Shares at a price per Common Share of \$ 2.20 for aggregate gross proceeds of \$3,740,000. In connection with the November 2021 Placement, the Company paid \$84,492 in cash and issued 35,405 Common Share purchase warrants ("**Finder's Warrants**") to certain finders as finder's fees. Each Finder's Warrant is exercisable to acquire one Share at a price of \$2.60 until September 22, 2022 (21,305 Finder's Warrants) and October 21, 2022 (14,100 Finder's Warrants).

On November 30, 2021, pursuant to the Arrangement (Note 4), Flying Nickel completed the Flying Nickel Offering for gross proceeds of \$8,600,000.

Pursuant to the Flying Nickel Offering, Flying Nickel sold 10,094,033 Non-FT Subscription Receipts at a price of \$0.70 per Non-FT Subscription Receipt and 1,992,437 FT Subscription Receipts, and collectively with the Non-FT Subscription Receipts, the "Offered Securities") at a price of \$0.77 per FT Subscription Receipt.

On December 31, 2021, \$1,534,176 gross proceeds were released from escrow upon converting an aggregate 1,992,437 FT Subscription Receipts into 1,992,437 FT Shares of flying Nickel at a price of \$0.77 per share.

During the year ended December 31, 2021:

- The Company disposed of 40 million common shares of Victory Nickel Inc. for total proceeds of \$779,179;
- 1,268,341 Common Share purchase warrants were exercised for total proceeds of \$2,601,997 and settlement of outstanding payables for services of \$660,000;
- 99,500 stock options were exercised for total proceeds of \$206,824.

During the year-ended December 31, 2021:

- Cash used in operating activities was a total of \$2,191,160 (2020 – used \$2,549,042). The decreased outflows in 2021 related to decreased activities of the Company due to the COVID-19 pandemic.
- Cash used in investing activities was a total of \$15,430,384 (2020 - \$6,397,063). The Company spent \$1,000,000 for the purchase of marketable securities, \$8,892,969 for the acquisition of the Minago property (2020 - \$Nil), and \$6,316,594 (2020 - \$ 6,336,166) on its mineral projects exploration activities and received \$779,179 from sale of marketable securities (2020 - \$Nil).
- Cash provided from financing activities was a total of 18,107,495 (2020 - \$13,536,550) including net proceeds from private placements of \$7,331,633 (2020 - \$10,201,706), \$206,824 from exercise of stock options (2020 - 299,812), \$2,601,997 from exercise of warrants (2020 - \$3,072,194). Also, the Company received \$1,424,228 (2020 - \$Nil) from proceeds from Flying Nickel FT share issuance and \$6,565,752 from Flying Nickel subscription receipts (2020 - \$Nil). The Company also spent \$22,939 (2020 - \$37,162) for corporate office lease payments.

As an exploration company, the Company has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. See the disclosure under the heading "*Key Information - Risk Factors*" in this Annual Report. To date, the principal sources of funding have been equity and debt financing. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing with favourable terms, or at all, for these or other purposes including general working capital purposes.

For the foreseeable future, as existing properties are explored, evaluated and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

The Company's commitments related to mineral properties are disclosed in Note 14 to the Annual Financial Statements. The Company has no commitments for capital expenditures. The office lease contract matured in July 2021. The lease contains no extension or termination options.

The Company expects to continue requiring cash for operations and exploration and evaluation activities as expenditures are incurred while no revenues are generated. Therefore, its continuance as a going concern is dependent upon its ability to obtain adequate financing to fund future operations based on annual budgets approved by the Company's board of directors, consistent with established internal control guidelines, and programs recommended in the 2022 Pulacayo Technical Report. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the ongoing planned advancement of Pulacayo Project milestones, the Company will continue to incur costs associated with exploration, evaluation and development activities, while no revenues are being generated. In response to the COVID-19 pandemic, exploration in Bolivia may be impacted by government restrictions on the Company's operations. Potential stoppages on exploration activities could result in additional costs, project delays, cost overruns, and operational restart costs. The total amount of funds that the Company needs to carry out its proposed operations may increase from these and other consequences of the COVID-19 pandemic. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly and will depend on a number of factors, including those referred to under "*Risk Factors*".

Our consolidated financial statements have been prepared on a going concern basis which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. Our ability to continue as a going concern is dependent upon the continued support from our shareholders, the discovery of economically recoverable reserves, and our ability to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, marketable securities, loans and receivables or at fair value through profit and loss ("FVTPL"). FVTPL comprises derivatives and financial assets acquired 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. The Company's cash is classified as FVTPL.

Marketable securities instruments are measured at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of marketable securities constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in profit or loss. The Company's investments are classified as marketable securities. Marketable securities consist of investment in Common Shares of public companies and therefore have no fixed maturity date or coupon rate. The fair value of the listed marketable securities has been determined directly by reference to published price quotation in an active market.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is significant or prolonged based on an analysis of indicators such as market price of the investment and significant adverse changes in the technological, market, economic or legal environment in which the investee operates.

If a financial asset is impaired, an amount equal to the difference between its carrying value and its current fair value is transferred from Accumulated Other Comprehensive Income (Loss) and recognized in the consolidated statement of operations. Reversals of impairment charges in respect of equity instruments classified as available-for-sale are not recognized in the consolidated statement of operations.

The Company considers that the carrying amount of all its financial assets and financial liabilities measure at amortized cost approximates their fair value due to their short term nature. Restricted cash equivalents approximate fair value due to the nature of the instrument. The Company does not offset financial assets with financial liabilities.

2019

At December 31, 2019, our financial assets and financial liabilities were categorized as follows: FVTPL – cash of \$3,017,704, amortized cost – receivables of \$246,671, restricted cash equivalents of \$34,500, and accounts payable of \$2,420,392.

2020

At December 31, 2020, our financial assets and financial liabilities were categorized as follows: FVTPL – cash of \$7,608,149, amortized cost – receivables of \$75,765, restricted cash equivalents of \$34,500, and accounts payable of \$1,717,977.

2021

At December 31, 2021, our financial assets and financial liabilities were categorized as follows: FVTPL – cash of \$579,508, amortized cost – receivables of \$79,036, restricted cash equivalents of \$34,500, reclamation deposits of \$21,055, and accounts payable of \$2,502,139.

Commitments

Our subsidiary, ASC, controls the mining rights to the Pulacayo Project through a joint venture agreement entered into between itself and the Pulacayo Mining Cooperative on July 30, 2002 (the "ASC Joint Venture"). The ASC Joint Venture has a term of 23 years which commenced the day the ASC Joint Venture was entered into. Pursuant to the ASC Joint Venture, ASC is committed to pay monthly rent of US\$1,000 to the state-owned Mining Corporation of Bolivia, COMIBOL and US\$1,500 monthly rent to the Pulacayo Mining Cooperative until the Pulacayo Project starts commercial production.

Under the terms of the lease agreement through which we acquired the Gibellini Project, we are required to make annually, on each anniversary of the execution date of the agreement, advance royalty payments which will be tied, based on an agreed formula (not to exceed US\$120,000 per year), to the average vanadium pentoxide price of the prior year. Further, upon commencement of production, we will maintain our acquisition by paying to the Lessors, a 2.5% NSR until a total of US\$3 million is paid. Thereafter, the NSR will be reduced to the Production Royalty Payments. Under the terms of the lease agreement, all advance royalty payments made, will be deducted as credits against future Production Royalty Payments. The Gibellini Project lease is for a term of 10 years but can be extended for an additional 10 years at our option.

Under the terms of the lease agreement through which we acquired the Louie Hill Project in Nevada, we are required to pay, annually, on each anniversary of the execution date of the agreement, advance royalty payments which will be tied, based on an agreed formula (not to exceed US\$28,000 per year), to the average vanadium pentoxide price of the prior year. Further, upon commencement of production, we will maintain our acquisition by paying to the Louie Hill Lessor, a 2.5% NSR of which, 1.5% of the NSR may be purchased at any time by us for US\$1 million leaving the total NSR to be reduced to 1% over the remaining life of the mine. Under the terms of the lease agreement, all advance royalty payments made, will be deducted as credits against future such production royalty payments. The Louie Hill Project lease is for a term of 10 years but can be extended for an additional 10 years at our option.

As part of the transaction with Apogee, we agreed to assume within certain limitations all liabilities associated with the Apogee Subsidiaries and the Pulacayo Project.

Contingencies

During Apogee's financial year ended June 30, 2014, it received notice from the Servicio de Impuestos Nacionales, the national tax authority in Bolivia, that ASC Bolivia LDC Sucursal Bolivia, now the Company's wholly-owned subsidiary, owed approximately Bs42,000,000 in taxes, interest and penalties relating to a historical tax liability in an amount originally assessed at approximately \$7,600,000 in 2004, prior to Apogee acquiring the subsidiary in 2011.

Apogee disputed the assessment and disclosed to the Company that it believed the notice was improperly issued. The Company continued to dispute the assessment and hired local legal counsel to pursue an appeal of the tax authority's assessment on both substantive and procedural grounds. The Company received a positive Resolution issued by the Bolivian Constitutional Court that among other things, declared null and void the previous Resolution of the Bolivian Supreme Court issued in 2011 (that imposed the tax liability on ASC Bolivia LDC Sucursal Bolivia) and sent the matter back to the Supreme court to consider and issue a new resolution.

On November 18, 2019 the Company received Resolution No. 195/2018 issued by the Supreme Court of Bolivia which declared the tax claim brought by Bolivia's General Revenue Authority against the Company's Bolivian subsidiary as not proven.

The Resolution is final and binding. Hence neither the Company nor the Company's Bolivian subsidiaries owe any outstanding back taxes to the Bolivian General Revenue Authority.

During the year ended December 31, 2019, the Company and legal counsel reassessed the status of tax rulings and determined that the probability of a re-issuance of a tax claim against the Company in connection with the above was remote. As a result, the Company has written off the tax liability and recorded a debt settlement gain in the amount of \$7,952,700 on its consolidated statements of operations and comprehensive loss.

During the year ended December 31, 2014, the Company's wholly-owned subsidiary, Red Hill Mongolia LLC ("Red Hill") was issued a letter from the Sukhbaatar District Tax Division notifying it of the results of the Sukhbaatar District Tax Division's VAT inspection of Red Hill's 2009-2013 tax imposition and payments that resulted in validating VAT credits of only MNT235,718,533 from Red Hill's claimed VAT credit of MNT2,654,175,507. Red Hill disagreed with the Sukhbaatar District Tax Division's findings as the tax assessment appeared to the Company to be unfounded. The Company disputed the Sukhbaatar District Tax Division's assessment and submitted a complaint to the Capital City Tax Tribunal. On March 24, 2015, the Capital City Tax Tribunal resolved to refer the matter back to the Sukhbaatar District Tax Division for revision and separation of the action between confirmation of Red Hill's VAT credit, and the imposition of the penalty/deduction for the tax assessment.

Due to the uncertainty of realizing the VAT balance, the Company recorded an impairment charge for the full VAT balance in the year ended December 31, 2015.

In June 2019, the Company received a positive resolution issued from the Capital City Tax Tribunal, which is binding and final, affirmed Red Hill's outstanding VAT credit of 1.169 billion MNT resulted from past mining equipment purchases. The VAT credit can be used to offset taxes and royalty payments; or be refunded in cash by Mongolia's Ministry of Finance within 12 to 24 months processing time. Due to the credit risk associated with the VAT credit, the Company has provided a full valuation provision against the balance.

As of December 31, 2021, the Company does not have any contingent liabilities.

C. Research and Development, Patents and Licenses, etc.

None.

D. Trend Information

While the Company is an exploration company that does not have any producing mines, it is directly affected by trends in the metal industry. At the present time global metal prices are extremely volatile. Base metal prices, driven by rising global demand, climbed dramatically and approached near historic highs several years ago. Prices have declined significantly since those highs, other than in the case of vanadium, which has risen significantly.

Overall market prices for securities in the mineral resource sector and factors affecting such prices, including base metal prices, political trends in the countries in which such companies operate, and general economic conditions, may have an effect on the terms on which financing is available to the Company, if available at all.

Additionally, any outbreaks of contagious diseases and other adverse public health developments in countries where we operate could have a material and adverse effect on our business, financial condition and results of operations. For example, the recent outbreak of COVID-19 first identified in Wuhan, Hubei Province, China, has resulted in significant restrictive measures being implemented by governments of affected countries to control the spread of COVID-19. Such COVID-19 related restrictions and disruptions, including for employees, manufacturers, suppliers and customers across different industries, may negatively impact our business operations and therefore our operational results and financial condition. In addition, COVID-19 may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect our ability to access or raise capital through issuances of our securities as and when needed for business operations.

Except as disclosed, the Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the Company's exploration programs.

The Company's financial assets and liabilities generally consist of cash, receivables, deposits, accounts payable and accrued liabilities, some of which are denominated in foreign currencies including Canadian dollars, United States dollars, Mongolian Tugriks and Bolivian Bolivianos. The Company is at risk to financial gain or loss as a result of foreign exchange movements against the Canadian dollar. The Company does not currently have major commitments to acquire assets in foreign currencies, but historically it has incurred the majority of its exploration costs in foreign currencies. The Company currently does not and also does not expect to engage in currency hedging to offset any risk of currency fluctuations.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following is a list of the current directors and executive officers of the Company, their province/state and country of residence, with their current positions and offices with the Company and corresponding start dates, and their principal occupations during the five preceding years. There are no family relationships between any of the persons named below. There are no arrangements or understandings with any major shareholders, customers, suppliers or other parties pursuant to which any person named below was selected as a director or executive officer. Each director is elected to serve until the next annual general meeting of shareholders or until his successor is elected or appointed, or unless his office is earlier vacated under any of the relevant provisions of the articles of the Company or the Business Corporations Act (British Columbia).

Name and Age	Current Office Held with the Company	Current director and/or Executive Office Since	Principal Occupation During Last Five Years ⁽⁶⁾
John Lee Taipei, Taiwan Age: 48	Chief Executive Officer Executive Chairman Director	July 17, 2020 January 1, 2013 October 21, 2009	Present: President of Mau Capital Management LLC (private investor relations firm) from July 2004 to present; Executive Chairman and a Director of the Company from January 2013 to present; and Chief Executive Officer from July 17, 2020 to present. Former: Interim President from June 2011 to October 2018; Interim CEO of the Company from November 2012 to October 2018; Head of Internal Affairs of the Company from October 2018 to February 2019; and Interim President and Interim Chief Executive Officer of the Company from February 2019 to April 2019.
Greg Hall ⁽¹⁾⁽²⁾⁽⁴⁾ British Columbia, Canada Age: 64	Director	October 21, 2009	Present: Co-Founder and Director of the Company from October 21, 2009 to present; President and Director of Water Street Assets; Director of CanX CBD Processing and a Member of the Institute of Corporate Directors. Former: Founding Partner & Director of PI Financial; Partner and Director of Haywood Securities; VP of Canaccord Genuity; Sr. VP of Leede Jones Gable; Director and Audit Chairman of Silvercorp Metals (NYSE); and Co-Founding Shareholder and Director of Numinus Wellness.
Marc Leduc ⁽¹⁾⁽²⁾ Colorado, United States Age: 60	Director	July 22, 2019	Present: Director of the Company from July 22, 2019 to present; Chief Operating Officer of KORE Mining Ltd. from October 29, 2019 to present; Director of South Star Mining Corp. from March 25, 2019 to present, and Director of South Atlantic Gold from April 8, 2020 to present. Former: President, Chief Executive and a Director of Luna Gold Corp. from January 30, 2015 to August 14, 2016; COO and Interim President and CEO of NewCastle Gold from October 1, 2016 to December 31, 2017, EVP of US Operations for Equinox Gold January 1, 2018 to March 31, 2019 and Director of Rupert Resources Ltd. from April 10, 2013 to December 7, 2016.
Masa Igata ⁽¹⁾⁽²⁾ Ulaanbaatar, Mongolia Age: 61	Director	April 23, 2014	Present: Director of the Company from April 23, 2014 to present; Founder and Chief Executive Officer of Frontier LLC (Mongolia) from March 2007 to present and Founder and Chief Executive Officer of Frontier Japan from January 2015 to present.
Ronald Espell Idaho, United States Age: 61	Vice-President, Environment and Sustainability	October 29, 2018	Present: Vice-President, Environment and Sustainability of the Company from November 2018 to present. Former: VP Environment of American Vanadium Corp. from April 2012 to April, 2015; Principal Consultant of SRK Consulting from April, 2015 to April, 2016; Corporate Environmental Director of McEwen Mining Inc. from April, 2016 to November, 2017.
Danniel Oosterman Ontario, Canada Age: 49	Vice-President, Exploration	February 20, 2018	Present: Vice-President, Exploration of the Company from February 2018 to present. Former: President & CEO of Canstar Resources Inc. from March 2013 to December 2017.
Irina Plavutska Ontario, Canada Age: 64	Chief Financial Officer	September 11, 2013	Present: Chief Financial Officer of the Company from September 13, 2013 to present.

Name and Age	Current Office Held with the Company	Current director and/or Executive Office Since	Principal Occupation During Last Five Years ⁽³⁾
Rob Van Drunen Manitoba, Canada Age: 52	Chief Operating Officer	September 28, 2021	Present: Chief Operating Officer of the Company from September 2021 to present. Former: Project Manager of the company from May 2021 to September 2021, Project Manager for Worley Parsons from May 2020 to December 2020, Mine Manager for Vale from 1990 to May 2020.
Ryan Coombes Nova Scotia, Canada Age: 42	Chief Legal Officer	March 11, 2022	Present: Chief Operating Officer of the Company from March 11, 2022 to present. Former: Deputy General Counsel of Eldorado Gold Corporation from August 2020 to December 2021, Director of Legal, North America from July 2019 to August 2020 and BHP Billiton Limited from April 2015 to June 2019.
Cindy Waterman Ontario, Canada Age: 48	Corporate Secretary	January 24, 2022	Present: Corporate Secretary of the Company from January 24, 2022 to present. Former: Corporate Secretary of Teranga Gold Corporation from May 2019 to February 2021 and Assistant Corporate Secretary of Teranga Gold Corporation from January 2011 to May 2019.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) The information as to principal occupation, business or employment is not within the knowledge of our management and has been furnished by the respective individuals. Each director or officer has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (4) Mr. Hall is the Chair of the Audit Committee and Chair of the Corporate Governance and Compensation Committee.

As at March 31, 2022, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 473,194 common shares of the Company, representing approximately 1.95% of the issued and outstanding common shares of the Company.

During the year ended December 31, 2021, the Company experienced the following changes in Directors, Officers and Management:

- Bridgitte McArthur ceased to act as Corporate Secretary on August 6, 2021;
- Rob Van Drunen was appointed Chief Operating Officer on September 28, 2021;
- Ryan Coombes was appointed Chief Legal Officer on March 11, 2022;
- Cindy Waterman was appointed Corporate Secretary effective January 24, 2022;
- Joaquin Merino Marquez ceased to act as Vice President, South American Operations on January 5, 2022; and
- David H. Smith resigned as a Director on September 10, 2021.

Biographical Information of Directors and Senior Management

The following are brief biographies of our directors and senior management as of March 31, 2022:

John Lee is the Chief Executive Officer, Executive Chairman and has been a Director of the Company since October 2009. Mr. Lee has been an accredited investor in the resource industry since 2001. Under John's leadership, the Company raised over \$110 million and grew from having minimal assets to owning substantial assets in USA, Bolivia and Mongolia. Mr. Lee is a CFA charter holder and has degrees in economics and engineering from Rice University. Since joining the Company Mr. Lee has led the Company in making several timely project acquisitions and has also identified, negotiated and financed Pulacayo Project acquisition in 2015 and the Gibellini Project acquisition in 2017.

Greg Hall is a Co-Founder of the Company and has been a Director since October 2009. As corporate director of several public companies since 2003, Mr. Hall has been involved in strategic planning, mergers and acquisitions, and investment decisions. Currently Mr. Hall is President and Director of Water Street Assets, Director of CanX CBD Processing and a Member of the Institute of Corporate Directors. Mr. Hall is a graduate of the Rotman School of Management, University of Toronto, SME Enterprise Board Program, and a Member of the Institute of Corporate Directors.

Marc Leduc has been a Director of the Company since July 2019. Mr. Leduc is a mining engineer and geologist with more than 30 years' experience involving all aspects of the development, operations, planning and evaluation of mining projects. Mr. Leduc holds a B.Sc. (Hons) degree in Mining Engineering from Queen's University Kingston, and B.Sc. degree in Geology from the University of Ottawa, and he is a registered professional engineer in both Ontario and BC. Mr. Leduc has led technical teams in the design and construction of large mines, heap leach and tailings facilities. Mr. Leduc has held top management positions with several mining companies including most recently Chief Operating Officer and Interim CEO of NewCastle Gold Ltd before it was acquired in 2017 via merger with Trek Mining Inc. and Anfield Gold Corp. (now named Equinox Gold Corp.). Mr. Leduc, following the merger, remained with Equinox Gold for all of 2018 and into 2019 holding the position of Senior Vice President of US Operations. Mr. Leduc currently holds the position of COO with Kore Mining and is an independent director of South Star Mining and South Atlantic Gold. Mr. Leduc spent several years working in Peru as the President and COO for Bear Creek Mining Corp, a silver exploration and development company.

Masa Igata has been a Director of the Company since April 2014. Mr. Masa Igata, Founder & CEO of Frontier LLC and Frontier Japan, has more than 30 years of professional experience in Asian financial markets. Prior to establishing Frontier Securities (Later renamed as Frontier LLC) in 2007, he had been a Managing Director at Salomon Brother/Citigroup/Nikko Citigroup in Tokyo leading the company to be the most profitable foreign investment bank in Japan for more than the decade. After leaving the firm in 2004, Mr. Igata became interested in Mongolia's fast-growing economy, and began to develop close relationships with many Mongolian businesses since then. Mr. Igata has since invested in Mining, Finance and real estate sector in Japan, Mongolia, Canada and China through his own companies in each region. In addition, with proven expertise on cross-border capital raising, Mr. Igata has been actively promoting Mongolian investment opportunities to foreign investors and advocating capital market's best practices in Mongolia to ensure and enhance its access to foreign investors through a full range of financial services, corporate access and research. In addition, he has extensively advised the Government of Mongolia, several government agencies and major corporate in Mongolia on fund raising, corporate governance and value enhancement. In Japan, Mr. Igata has been advising to major mining companies on corporate governance, investor relations and the outlook on the global mining sector. Hosting Invest Mongolia Tokyo is one of the service to facilitate himself and Japanese investors to access to the Government and the Business in Mongolia. In addition, Mr. Igata has been actively advising to Japanese Government and Government related agencies on the various issues on the global mining industry. Mr. Igata is a certified member of the Securities Analyst Association of Japan and an Advisory Member of the Board at Business Council of Mongolia (BCM). Mr. Igata was conferred a decoration of Nairamdal (Friendship) from President of Mongolia Tsakhiagiin Elbegdorj on June 2017.

Ronald Espell was appointed Vice President, Environment and Sustainability in October 2018. Mr. Espell is a highly regarded specialist in U.S. federal and Nevada state mine permitting, with over 30 years of experience in corporate environmental management, permitting in conformance with applicable regulatory and performance standards, mine waste management, reclamation, and closure planning. Prior to joining the Company, Mr. Espell was the corporate environmental director of McEwen Mining Inc. Within 18 months from the time he joined McEwen Mining, Mr. Espell led his team to successfully obtain the Gold Bar project's environmental impact statement (EIS) approval from the BLM in November 2017. Prior to his time with McEwen Mining, Mr. Espell was a principal consultant at SRK Consulting and Vice-President of Environment for the Gibellini Project's prior operator, where he led efforts in the preparation of the Gibellini Project's baseline studies and plan of operation. Mr. Espell's wealth of experience includes being an environmental management specialist at the Nevada Division of Environmental Protection, as well as working for 17 years in positions of increasing responsibility at Barrick Gold Corp., from being Environmental Superintendent, Environmental Manager of Barrick Goldstrike, Regional Environmental Director — Australia Pacific, and Corporate Environmental Director.

Daniel Oosterman was appointed Vice-President, Exploration in February 2018. Mr. Oosterman worked for 20 years in the mining and exploration business specializing in exploration and development of projects from grass roots, brown field, to feasibility stage. Mr. Oosterman's background includes occupying both technical and executive roles, with an early career joining exploration efforts for mining companies such as Falconbridge Ltd. and Inco Limited before transitioning to the junior mining sector to manage many technical projects across Canada before advancing to President and CEO of Canstar Resources Inc., a TSX Venture Exchange-listed company. He holds a B.Sc. (Hons) degree in Geology from Laurentian University and is a member of the Association of Professional Geoscientists of Ontario. Mr. Oosterman is closely involved in the development of the Company's Gibellini Project and exploration of the Pulacayo Project. Mr. Oosterman is a "qualified person" within the meaning of NI 43-101.

Irina Plavutska has been with the Company since 2010 and was appointed Chief Financial Officer in April 2011. Ms. Plavutska is a professional accountant with over 20 years of international experience in financial reporting, auditing, and accounting. Ms. Plavutska is a member of Chartered Professional Accountants Canada.

Robert Van Drunen has been with the Company since May 2021 and was appointed Chief Operating Officer on September 28, 2021. Mr Van Drunen is a mining operational specialist including a 30 year career with Vale and Inco in all aspects of Mining and Processing. His roles previously included Mine Manager and Senior Project Manager of Vale's Manitoba Operations. Mr. Van Drunen is experienced in optimizing mine operations, maintenance, exploration, supply chain, and contract management. Mr. Van Drunen holds a Masters Certificate in Project Management from York University.

Ryan Coombes has been with the Company since December 2021 and was appointed Chief Legal Officer on March 11, 2022. Mr. Coombes has over 15 years of experience in the mining industry. He started his legal career at McCarthy Tetrauld and subsequently took on roles of increasing responsibility with Kinross Gold, BHP, Ausenco and most recently as Deputy General Counsel for Eldorado Gold. Mr. Coombes holds a Juris Doctor from the University of Ottawa, as well as a Master of Arts from Carleton University and a Bachelor of Arts from the University of Saskatchewan.

Cindy Waterman recently joined the Company in January 2022 as Corporate Secretary. She has 25 years experience in the corporate and securities legal industry. Ms. Waterman spent 10 years with Teranga Gold Corporation serving in a legal, compliance and corporate secretarial capacity. Before joining Teranga, she spent 15 years as a corporate legal assistant with Blake, Cassels & Graydon LLP. Ms. Waterman has been a member of the Governance Professionals of Canada since 2019.

B. Compensation

Executive Officers

For the purposes of this Annual Report, "executive officer" of the Company means an individual who at any time during the year was the Chief Executive Officer ("CEO"), President or Chief Financial Officer ("CFO") of the Company; any Vice-President in charge of a principal business unit, division or function; and any individual who performed a policy-making function in respect of the Company.

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers" or "NEOs") for the year ended December 31, 2021:

1. the CEO;
2. the CFO;
3. each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
4. any individual who would be a NEO under paragraph (3) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The Company has no pension, defined contribution, or deferred compensation plans for its directors, executive officers or employees.

Name and Position	Year	Salary (\$)	Share based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Lee ⁽²⁾⁽¹⁰⁾ Executive Chairman, Chief Executive Officer & Director	2021	Nil	Nil	197,672	Nil	Nil	Nil	800,000	997,672
	2020	Nil	Nil	174,476	Nil	Nil	Nil	426,792 ⁽⁵⁾	601,268
	2019	Nil	320,000 ⁽¹¹⁾	21,908 ⁽³⁾⁽⁶⁾	Nil	Nil	Nil	377,370 ⁽⁵⁾	719,278
Irina Plavutska CFO	2021	145,200	Nil	52,151	Nil	Nil	Nil	36,198	233,549
	2020	145,200	Nil	43,619	Nil	Nil	Nil	6,792	195,611
	2019	143,152	40,000 ⁽¹¹⁾	7,303 ⁽³⁾	Nil	Nil	Nil	6,370	196,825
Daniel Oosterman ⁽⁶⁾ Vice-President Exploration	2021	154,725	Nil	52,151	Nil	Nil	Nil ³	30,000	236,876
	2020	151,800	Nil	43,619	Nil	Nil	Nil	Nil	195,419
	2019	138,000	40,000 ⁽¹¹⁾	12,342 ⁽³⁾	Nil	Nil	Nil	Nil	190,342
Ronald Espell ⁽⁷⁾ VP, Environment and Sustainability	2021	313,131	Nil	96,1333	Nil	Nil	Nil	68,878	478,142
	2020	335,317	Nil	95,213	Nil	Nil	Nil	19,603	450,134
	2019	331,674	60,000 ⁽¹¹⁾	7,303 ⁽³⁾	Nil	Nil	Nil	29,548	428,525
Joaquin Merino-Marquez ⁽⁸⁾ VP, South American Operation	2021	Nil	Nil	101,061	Nil	Nil	Nil	238,728	339,789
	2020	Nil	Nil	96,124	Nil	Nil	Nil	208,728	304,852
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- 1) Amounts shown in this column represent Options granted as part of the annual compensation package of each NEO. Fair value at the time of grant calculated using the Black-Scholes option pricing model.
- 2) John Lee did not receive compensation for acting as a Director of the Company.
- 3) Stock options granted on July 29, 2019 were not valued at December 31, 2019 due to the following: further to the voluntary forfeiture of stock options with expire dates on April 7, 2020, June 22, 2020, and November 14, 2023, at exercise prices ranging from \$0.50 to \$0.65, the Company granted 794,000 new stock options with an expire date of July 29, 2024 at an exercise price of \$0.20 per share. As of December 31, 2019, the re-issuing of these options had been approved by the TSX, but they had not been approved by the shareholders; consequently, these options were not valued. Subsequently the stock options were ratified and approved by the shareholders at the Company's special meeting of shareholders held March 16, 2020.
- 4) All Other Compensation for NEOs is comprised of payments for annual bonus and payments for health benefits amongst other things which are made on behalf of all corporate employees of the Company.
- 5) All other Compensation for Mr. Lee consisted of the following: Linx Partners Ltd., a private company controlled by John Lee, our Chief Executive Officer, Executive Chairman and a director of the Company, has provided management and consulting services to the Company since April 7, 2015 (prior to that, from June 13, 2011, Mr. Lee's management and consulting services were provided to the Company through Mau Capital Management LLC, another private company controlled by Mr. Lee).

During the year ended December 31, 2021, we paid \$420,000 (2020 – 420,000; 2019 - \$371,000) for management and consulting services rendered to the Company by Linx Partners Ltd., \$170,000 of 2018 bonus, \$210,000 of 2020 bonus, and \$6,198 (2020 – 6,792; 2019 - \$6,370) for health benefits

- 6) Danniell Oosterman was appointed Vice President Exploration on February 2, 2018.
- 7) Ronald Espell was appointed VP, Environment and Sustainability on October 29, 2018.
- 8) Joaquin Merino-Marquez was appointed VP, South American Operations on November 1, 2019.
- 9) Mr. Lee was appointed the role of Chief Executive Officer effective July 17, 2020.
- 10) On January 6, 2020, the Company issued bonus Common Shares with a fair value of \$0.40 per share to executive officers under the Share- Based Compensation Plan. The bonus Common Shares were based on the year ended December 31, 2019.
- 11) During the years ended December 31, 2021, 2020 and 2019, the stock option values were calculated using the following weighted average assumptions:

	Year ended December 31,		
	2021	2020	2019
Risk-free interest rate	1.46%	1.46%	1.54%
Expected life of options in years	4.54	4.45	4.06
Expected volatility	105.91%	132.47%	132.75%
Expected dividend yield	Nil	Nil	Nil
Expected forfeiture rate	12%	12%	12%
Weighted average fair value of options granted during the period	\$2.01	\$3.00	\$3.10

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Common Shares. The expected forfeiture rate is based on the historical forfeitures of options issued.

Directors

Non-executive directors are paid varying amounts depending on the degree to which they are active on behalf of the Company. See the table below for amounts paid or accrued in fiscal year 2021.

The compensation provided to directors who were not an executive officer for the Company's most recently completed financial year of December 31, 2021, are as follows:

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)(4)	Non-equity Incentive Plan Compensation	Pension Value	All other Compensation (\$)	Total (\$)
Greg Hall	31,300	Nil	34,199	Nil	Nil	5,000	70,499
Masa Igata	26,900	Nil	30,914	Nil	Nil	5,000	62,814
Marc Leduc	26,900	Nil	33,128	Nil	Nil	5,000	65,028
David H. Smith ⁽¹⁾	17,200	Nil	22,206	Nil	Nil	2,500	41,906

Notes:

1. David H. Smith was appointed as a Director on August 3, 2020 and resigned on September 10, 2021.

Description of Compensation Plan

We have adopted the Share-Based Compensation Plan. The purpose of the Share-Based Compensation Plan is to allow us to grant options, bonus Common Shares and stock appreciation rights (the "Awards") to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in our success. The granting of Awards is intended to align the interests of such persons with that of our shareholders.

Options are exercisable for up to 10 years from the date of grant or as determined by the corporate governance and compensation committee of our Board (the "CGCC") and are required to have exercise prices equal to or greater than the market price (as defined by the stock exchange on which our Common Shares are principally listed for trading and based on the volume weighted average trading price of our Common Shares as reported on such exchange for the five trading days immediately preceding the day that the options are granted). Options granted under the Share-Based Compensation Plan vest at 12.5% per quarter over a two-year period unless determined otherwise by the CGCC. In addition, the CGCC may accelerate the vesting date, permit the conditional exercise of options, amend or modify the terms of the options, or terminate options pursuant to the Share-Based Compensation Plan, the CGCC may from time to time authorize the issuance of Awards to directors, officers, employees and consultants of the Company or employees of companies providing management or consulting services to the Company. The maximum number of Common Shares which may be reserved for issuance under the Share-Based Compensation Plan is 900,0001, which was approved at the Company's AGM held December 22, 2021.

C. Board Practices

Our Board has a formal mandate as outlined in our Corporate Governance Policies and Procedures Manual, as amended (the "Manual"). The Manual mandates the Board to: (i) oversee management of the Company, (ii) exercise business judgment, (iii) understand the Company and its business, (iv) establish effective systems, (v) protect confidentiality and proprietary information, and (vi) prepare for and attend Board, committee and shareholder meetings. The Manual also includes written charters for each committee and it contains a Code of Ethics, policies dealing with issuance of news releases and disclosure documents, as well as Common Share trading black-out periods. Further, in the Manual, the Board encourages but does not require continuing education for all the Company's directors.

Term of Office

Unless the director's office is vacated earlier in accordance with the provisions of the BCBCA, each of our current directors will hold office until the conclusion of the next annual meeting of the Company's shareholders or if no director is then elected, until a successor is elected.

John Lee, our Chief Executive Officer and Executive Chairman, will hold his office for an indefinite period until the termination of our consulting agreement dated February 20, 2018 with his wholly-owned company, Linx. Our consulting agreement with Linx may be terminated without cause by either party upon 90 days' written notice, or immediately by us for cause.

Irina Plavutska, our Chief Financial Officer, will hold her office for an indefinite period until the termination of our employment agreement dated February 1, 2018. Our employment agreement with Ms. Plavutska may be terminated by us without cause upon the amount of written notice required by the British Columbia Employment Standards Act based on each employee's respective length of service, or immediately for cause. Ms. Plavutska may terminate her employment with us upon two weeks' written notice.

Ronald Espell, our Vice-President, Environment and Sustainability, will hold his office for an indefinite period until the termination of our subsidiary Nevada Vanadium's employment agreement with him dated October 23, 2018. Nevada Vanadium's employment agreement with Mr. Espell may be terminated by Nevada Vanadium without cause upon 30 days' written notice and payment of a severance amount equal to 6 months' salary during the first three years that Mr. Espell is employed, or one month's salary for each full year that Mr. Espell is employed after three years, by Nevada Vanadium, or immediately for cause. Mr. Espell may terminate his employment with Nevada Vanadium upon 30 days' written notice.

Danniell Oosterman, our Vice-President, Exploration, will hold his office for an indefinite period on a month-to-month basis until the termination of our consulting agreement dated February 12, 2018. Our consulting agreement with Mr. Oosterman may be terminated by us or by Mr. Oosterman upon thirty days' written notice.

Joaquin Merino-Marquez, our Vice-President, South American Operation, will hold his office for an indefinite period on a month-to-month basis until the termination of our consulting agreement dated November 1, 2019. Our consulting agreement with Mr. Merino-Marquez may be terminated by us or by Mr. Merino-Marquez upon sixty days' written notice.

The period during which each of our directors and executive officers has held their respective office is specified in the table set forth in "Item 6.A. Directors, Senior Management and Employees - Directors and Senior Management."

Termination and Change of Control Benefits

Other than as set out below, there are no contracts, agreements, plans or arrangements that provide for payments to a NEO following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change of control of the Company or change in responsibilities of the NEO.

John Lee, Chief Executive officer & Executive Chairman

On January 1, 2010, the Company entered into a consulting agreement with a holding company solely owned by Mr. Lee, at an annual fee of \$16,000 (as amended). On November 6, 2012 this agreement was terminated and on November 7, 2012 a new consulting agreement was entered into (which we refer to as the "Mau Agreement"). On April 7, 2015, the Mau Agreement was terminated, and the Company entered into an agreement with Linx that subsequently, on October 9, 2018, was replaced with another agreement with Linx Partners Ltd. ("Linx") (which we refer to as the "New Linx Agreement") for an indefinite term. The New Linx Agreement provides for: (1) consulting fees of \$336,000 per year, with up to \$33,600 per year annual increases during fiscal years 2020 to 2022, at the discretion of the Board of Directors; (2) bonus, based on pre-determined criteria; (3) up to 3,000,000 Common Shares upon meeting certain milestone targets described in the New Linx Agreement; (4) stock options; (5) health and dental benefits; and (6) vacation pay.

The New Linx Agreement may be terminated by the Company at any time for any reason other than for cause upon a 90 days' written notice. If the Company terminates the New Linx Agreement for any reason other than cause, the Company shall pay a termination payment of either \$1,600,000, which shall include all applicable taxes, provided the Company has successfully raised total gross aggregate proceeds of no less than \$25,000,000 through one or more equity financing(s) undertaken after October 9, 2018, or the lesser amount of \$1,000,000, which shall include all applicable taxes, in the event the Company has not successfully raised total gross aggregate proceeds of no less than \$25,000,000 through one or more equity financing(s) undertaken after October 9, 2018. Linx may terminate the Linx Agreement by providing the Company with a 90 days' written notice.

The Company entered into a Change of Control Agreement with Linx (the "Linx Change of Control Agreement") dated October 9, 2018. The Linx Change of Control Agreement provides that in the event the New Linx Agreement is terminated as a result of, or within six months following, a significant change in the affairs of the Company such as a take-over bid, change of control of the Board, the sale, exchange or other disposition of a majority of the outstanding Common Shares, the merger or amalgamation or other corporate restructuring of the Company in a transaction or series of transactions in which the Company's shareholders receive more than 50% of the outstanding Common Shares of the new or continuing company, and upon an involuntary termination, Mr. Lee shall receive from the Company within 30 days: i) a payment of \$1,600,000; ii) reimbursement for all reasonable business related promotion, entertainment and/or travel expenses incurred by Linx during the course of the Linx Agreement with the Company, subject to the expense reimbursement provisions set out in the Linx Agreement; iii) Mr. Lee's entitlement to participate in the Company's annual bonus plan in respect of the calendar year in which the involuntary termination has occurred, and the prior year if such payment has not yet been made; iv) provide Mr. Lee and his eligible dependents with coverage under the Company's Benefit Plans for a period of 30 days after termination of the Linx Agreement; and v) all of Mr. Lee's rights to any stock options he holds shall be governed by the provisions of his stock option agreements with the Company.

Irina Plavutska, Chief Financial Officer

Ms. Plavutska entered into her latest employment agreement with the Company effective February 1, 2018, as amended January 31, 2019. The employment agreement is for an indefinite term and provides for: (1) salary; (2) bonus, at the discretion of the Company; (3) stock options; (4) employee benefits; and (5) vacation pay. Her employment agreement with the Company also provides that in the event her employment is terminated as a result of, or within six months following, a Change in Control, Ms. Plavutska shall receive from the Company within 30 days, a payment equal to two years of her regular annual salary (currently \$145,200). In the event Ms. Plavutska's employment agreement is terminated as a result of a Change in Control, all of her rights to any stock options she holds shall be governed by the provisions of her stock option agreements with the Company including, without limitation, acceleration of vesting and the time period remaining to exercise any vested options.

The criteria used to determine the amounts payable to the NEOs is based on industry standards and the Company's financial circumstances. The agreements with the NEOs and subsequent changes were accepted by the Board based on recommendations of the CGCC.

Board Committees

Applicable regulatory governance policies require that: (i) committees of the our board of directors be composed of at least a majority of independent directors; (ii) our Board expressly assume responsibility, or assign to a committee of the Board, responsibility for the development of the Company's approach to governance issues; (iii) the audit committee of the Board (the "Audit Committee") be composed only of independent directors (as that term is used under Canadian rules and regulations), and the role of the Audit Committee be specifically defined and include the responsibility for overseeing management's system of internal controls; (iv) the Audit Committee have direct access to the Company's external auditor; and (v) the Board appoint a committee, composed of a majority of independent directors, with the responsibility for proposing new nominees to the Board and for assessing directors on an on-going basis.

Audit Committee

We have an Audit Committee comprised of directors Greg Hall (Chair), Masa Igata and Marc Leduc. All members of the Audit Committee are financially literate within the meaning of *National Instrument 52-110 Audit Committees*. Marc Leduc is independent under the criteria established by SEC Rule 10A-3. The relevant education and experience of each member of the Audit Committee is described under "Item 6.A. Directors, Senior Management and Employees - Directors and Senior Management" above.

Corporate Governance and Compensation Committee

The Board has a CGCC (as previously defined) whose functions include reviewing, on an annual basis, the compensation paid to the Company's executive officers and directors, reviewing the performance of the Company's executive officers, and making recommendations on compensation to the Board. The CGCC periodically considers the grant of incentive Awards under the Share-Based Compensation Plan. The CGCC currently consists of Greg Hall (Chairman), Masa Igata and Marc Leduc. All members have direct experience relevant to their responsibilities on the CGCC. The Board has not made a determination on whether Messrs. Hall, Igata and Leduc meet the independence requirements for members of the compensation committee established under NYSE American Company Guide Section 805(c)(1).

D. Employees

As of December 31, 2019, we had three employees in Canada, ten employees in Mongolia, and four non-independent consultants working in Bolivia, Canada and the United States.

As of December 31, 2020, we had three employees in Canada, 10 employees in Mongolia, 1 employee working in the United States and 5 non-independent consultants working in Bolivia, Canada and the United States.

As of December 31, 2021, we had three employees in Canada, 10 employees in Mongolia, 1 employee working in the United States and 5 non-independent consultants working in Bolivia, Canada and the United States.

We rely on and engage consultants on a contract basis to assist us to carry on our administrative and exploration activities

E. Share Ownership

The following table sets forth certain information as of March 31, 2022 regarding the beneficial ownership of our Common Shares by the executive officers, officers and directors named herein. The percentage of Common Shares beneficially owned is computed on the basis of 24,321,994 Common Shares outstanding as of March 31, 2022.

Name and Title	Common Shares Held	Percentage of Common Shares as at March 24, 2022 (%) ⁽¹⁾	Stock Options Granted	Exercise Price of Stock Options (\$)	Date of Expiration (Stock Options)
John Lee, Chief Executive Officer and Executive Chairman	250,239 ⁽²⁾		55,000	3.30	12-Jun-22
			68,000	3.50	1-Sep-22
			40,000	2.80	6-Apr-23
			35,000	3.30	17-Oct-23
			70,000	2.20	29-Jul-24
			30,000	4.40	1-Nov-24
			80,000	2.20	4-May-25
			225,000	2.60	22-Sep-26
Greg Hall, Director	25,670		5,000	3.30	12-Jun-22
			5,000	3.50	1-Sep-22
			4,000	2.80	6-Apr-23
			5,000	3.30	17-Oct-23
			12,000	2.20	29-Jul-24
			8,000	4.40	1-Nov-24
			10,000	2.20	4-May-25
40,000	2.60	22-Sep-26			
Marc Leduc, Director	6,228		15,000	2.20	29-Jul-24
			8,000	4.40	1-Nov-24
			10,000	2.20	4-May-25
			35,000	2.60	22-Sep-26
Masa Igata, Director	88,504 ⁽³⁾		5,000	3.30	12-Jun-22
			5,000	3.50	1-Sep-22
			4,000	2.80	6-Apr-23
			5,000	3.30	17-Oct-23
			10,000	2.20	29-Jul-24
			8,000	4.40	1-Nov-24
			10,000	2.20	4-May-25
40,000	2.60	22-Sep-26			
Ronald Espell, Vice-President, Environment and Sustainability	40,800		20,000	2.00	29-Jul-24
			10,000	4.40	1-Nov-24
			20,000	2.20	4-May-25
			30,000	5.00	17-Aug-25
			40,000	2.60	22-Sep-26
Danniel Oosterman, Vice-President, Exploration	35,953		20,000	3.10	20-Feb-23
			2,000	2.80	6-Apr-23
			5,000	3.30	17-Oct-23
			10,000	2.20	29-Jul-24
			10,000	4.40	1-Nov-24
			20,000	2.20	4-May-25
			60,000	2.60	22-Sep-26
Irina Plavutska, Chief Financial Officer	25,800		3,750	2.80	6-Apr-23
			5,000	3.30	17-Oct-23
			5,000	2.20	29-Jul-24
			10,000	4.40	1-Nov-24
			20,000	2.20	4-May-25
			60,000	2.60	22-Sep-26
TOTAL	473,194		1,197,750		

Notes:

- All percentage share ownership is under 1.1%.
- The equivalent of 221,808 are held directly by Mr. Lee and a total of 28,431 Common Shares are held by Merit Holdings Ltd., a private company wholly owned and controlled by Mr. Lee.
- The Common Shares and Stock Options are held by Sophir Asia Limited, a private company wholly owned and controlled by Mr. Igata.

See “Description of Compensation Plan” for more details.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

There are no entities who, to our knowledge, own beneficially, directly or indirectly, more than 5% of any class of our voting securities (other than as set forth in the directors’ and officers’ table).

Voting Rights

The Company’s major shareholders do not have different voting rights from our other shareholders.

Record Holders

As at April 11, 2022, there were 26 holders of record of our Common Shares, of which 3 were U.S. residents owning 35,370 Common Shares (0.14%) of our outstanding Common Shares outstanding at that time.

Change in Control

To the best of the Company’s knowledge, there are no arrangements the operation of which may result in a change in control of the Company.

B. Related Party Transactions

The related party transactions of the Company since January 1, 2021 are presented below.

- Linx Partners Ltd., a private company controlled by John Lee, Director, Chief Executive Officer and Executive Chairman of the Company, provides management and consulting services to the Company.

- MaKevCo Consulting Inc., a private company 50% owned by Greg Hall, a director of the Company, provides consulting services to the Company.
- Sophir Asia Ltd., a private company controlled by Masa Igata, a director of the Company, provides consulting services to the Company.

A summary of related party transactions *by related party* and a summary of the transactions *by nature* among the related parties is as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Directors and officers	1,580,504	\$2,260,806	\$2,057,592
Linx Partners Ltd.	997,672	1,029,673	489,254
MaKevCo Consulting Inc.	70,499	80,139	38,309
Sophir Asia Ltd.	62,814	72,220	36,523
TOTAL	2,711,489	\$3,442,838	\$2,621,678

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Consulting and management fees	659,500	\$370,000	\$218,500
Directors' fees	119,800	108,600	103,805
Mineral properties	714,068	1,387,067	1,171,585
Salaries and short term benefits	587,869	522,359	696,751
Share-based payments	630,252	1,054,812	431,037
TOTAL	2,711,489	\$3,442,838	\$2,621,678

As of December 31, 2021, amounts due to related parties totaled \$68,888 (as of December 31, 2020 - \$1,800; as of December 31, 2019 - \$30,533).

The Company has entered into Services Agreements with each SpinCo, which commenced December 1, 2021, pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, and personnel necessary for the SpinCos to fulfill their basic day-to-day head office and executive responsibilities in a pro-rata cost-recovery basis.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements

The consolidated financial statements of the Company and the report of the independent registered public accounting firm, Davidson & Company LLP, are filed as part of this Annual Report under Item 18.

Legal or Arbitration Proceedings

Other than as disclosed below, the Company has not been involved in any legal or arbitration proceedings or regulatory actions which may have, or have had in the recent past, significant effects on the company's financial position or profitability. The Company accrues for liabilities when it is probable and the amount can be reasonably estimated.

Dividend Policy

To date, we have not paid any dividends on our outstanding Common Shares, and it is not contemplated that we will pay any dividends in the immediate or foreseeable future. It is our intention to use all available cash flow to finance further operations and exploration of our resource properties. Holders of our Common Shares will be entitled to receive dividends, if, as and when declared by the Board out of profits, capital or otherwise.

There are no restrictions that could prevent us from paying dividends on our Common Shares except that we may not pay dividends if that payment would render us insolvent.

B. Significant Changes

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Company's Common Shares trades on the TSX under the symbol "ELEF", the OTCQX under the symbol "SILEF" and the Frankfurt Stock Exchange under the symbol "1P2N".

B. Plan of Distribution

Not applicable.

C. Markets

Our Common Shares are listed for trading on the TSX, the OTCQX, and the Frankfurt Stock Exchange. Our Common Shares were voluntarily delisted from the OTCQX on January 29, 2016 and began trading again on the OTCQX on February 27, 2018. The following tables set forth the reported high and low prices on the TSX for the five most recent fiscal years.

YEAR	TSX (\$ HIGH)	TSX (\$ LOW)
December 31, 2021	4.90	2.00

YEAR	TSX (\$) HIGH	TSX (\$) LOW
December 31, 2020	0.55	0.10
December 31, 2019	0.49	0.15
December 31, 2018	4.35	0.105
December 31, 2017	6.19	2.78

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not Applicable.

B. Memorandum and Articles of Association

Incorporation

We are amalgamated under the British Columbia Business Corporations Act (BCBCA). Our British Columbia incorporation number is BC0912924.

Objects and Purposes of Our Company

Our articles do not contain a description of our objects and purposes.

Voting on Proposals, Arrangements, Contracts or Compensation by Directors

Other than as disclosed below, our articles do not restrict directors' power to (a) vote on a proposal, arrangement or contract in which the directors are materially interested or (b) to vote compensation to themselves or any other members of their body in the absence of an independent quorum.

The BCBCA does, however, contain restrictions in this regard. The BCBCA provides that a director who holds a disclosable interest in a contract or transaction into which we have entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution. A director who holds a disclosable interest in a contract or transaction into which we have entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting. A director or senior officer generally holds a disclosable interest in a contract or transaction if (a) the contract or transaction is material to our company; (b) we have entered, or proposed to enter, into the contract or transaction, and (c) either (i) the director or senior officer has a material interest in the contract or transaction or (ii) the director or senior officer is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction. A director or senior officer does not hold a disclosable interest in a contract or transaction merely because the contract or transaction relates to the remuneration of the director or senior officer in that person's capacity as director, officer, employee or agent of our company or of an affiliate of our company.

Borrowing Powers of Directors

Our articles provide that we, if authorized by our directors, may:

- borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of our company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of our company.

Qualifications of Directors

Under our articles, a director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the BCBCA to become, act or continue to act as a director. Our articles contain no provisions regarding retirement or non-retirement of directors under an age limit requirement.

Share Rights

The holders of our Common Shares are entitled to vote at all meetings of shareholders of the Company, to receive dividends if, as and when declared by the Board and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. Our Common Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holders of our Common Shares to contribute additional capital and there are no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of the Common Shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent pursuant to the BCBCA.

Procedures to Change the Rights of Shareholders

Our articles state that subject to Article 9.2 of the BCBCA, the Company may by ordinary resolution of its shareholders: (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares; (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established; (c) subdivide or consolidate all or any of its unissued, or fully paid issued shares; (d) if the Company is authorized to issue shares of a class of shares with par value: (i) decrease the par value of those shares, or (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares); (e) change all or any of its unissued or fully paid issued shares with par value into shares without par value or all or any of its unissued shares without par value into shares with par value; (f) alter the identifying name of any of its shares; or (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA.

Meetings

Each director holds office until our next annual general meeting or until his office is earlier vacated in accordance with our articles or with the provisions of the BCBCA. A director appointed or elected to fill a vacancy on our board also holds office until our next annual general meeting.

Our articles and the BCBCA provide that our annual meetings of shareholders must be held at least once in each calendar year and not more than 15 months after the last annual general meeting at such time and place as our Board may determine. Our directors may, at any time, call a meeting of our shareholders.

Under the BCBCA, the holders of not less than five percent of our issued Common Shares that carry the right to vote at a meeting may requisition our directors to call a meeting of shareholders for the purposes of transacting any business that may be transacted at a general meeting.

Under our articles, the quorum for the transaction of business at a meeting of our shareholders is two persons who are, present in person or represent by proxy, shareholders holding, in the aggregate, at least five percent of the issued Common Shares entitled to be voted at the meeting.

Our articles state that in addition to those persons who are entitled to vote at a meeting of our shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), the auditor for our company, and any other persons invited by our directors but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy

Limitations on Ownership of Securities

Neither Canadian law nor our articles limit the right of a non-resident to hold or vote Common Shares, other than as provided in the Investment Canada Act (as amended by the World Trade Organization Agreement Implementation Act, the "Investment Act"). The Investment Act generally prohibits implementation of a direct reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture that is not a "Canadian", as defined in the Investment Act (a "non-Canadian"), unless, after review, the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in the Common Shares by a non-Canadian (other than a "WTO Investor," as defined below) would be reviewable under the Investment Act if it were an investment to acquire direct control of the company, and the value of the assets of the company were \$5.0 million or more (provided that immediately prior to the implementation of the investment the Company was not controlled by WTO Investors). An investment in Common Shares by a WTO Investor (or by a non-Canadian other than a WTO Investor if, immediately prior to the implementation of the investment the Company was controlled by WTO Investors) would be reviewable under the Investment Act if it were an investment to acquire direct control of the company and the value of the assets of the Company equaled or exceeded an amount determined by the Minister of Finance (Canada) on an annual basis. The current threshold for review for WTO Investors or vendors (other than Canadians) is \$1 billion. A non-Canadian, whether a WTO Investor or otherwise, would be deemed to acquire control of a company for purposes of the Investment Act if he or she acquired a majority of the Common Shares of the company.

The acquisition of less than a majority, but at least one-third of the Common Shares, would be presumed to be an acquisition of control of the company, unless it could be established that the company is not controlled in fact by the acquirer through the ownership of the Common Shares. In general, an individual is a WTO Investor if he or she is a "national" of a country (other than Canada) that is a member of the World Trade Organization ("WTO Member") or has a right of permanent residence in a WTO Member. A corporation or other entity will be a "WTO Investor" if it is a "WTO Investor-controlled entity", pursuant to detailed rules set out in the Investment Act. The U.S. is a WTO Member. Certain transactions involving our Common Shares would be exempt from the Investment Act, including:

- an acquisition of the Common Shares if the acquisition were made in the ordinary course of that person's business as a trader or dealer in securities;
- an acquisition of control of the Company in connection with the realization of a security interest granted for a loan or other financial assistance and not for any purpose related to the provisions of the Investment Act; and
- an acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization, following which the ultimate direct or indirect control in fact of the Company, through the ownership of voting interests, remains unchanged.

Change in Control

There are no provisions in our articles or in the BCBCA that would have the effect of delaying, deferring or preventing a change in control of our company, and that would operate only with respect to a merger, acquisition or corporate restructuring involving our Company or our subsidiaries.

Ownership Threshold

Our articles or the BCBCA do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed. Securities legislation in Canada, however, requires that we disclose in our information circular for our annual general meeting, holders who beneficially own more than 10% of our issued and outstanding Common Shares. Most state corporation statutes do not contain provisions governing the threshold above which shareholder ownership must be disclosed. We expect that the United States federal securities laws will require us to disclose holders who own 5% or more of our issued and outstanding Common Shares of the Company. As of the date of this Annual Report there are no persons who, or corporations which, beneficially own, or control or direct, directly or indirectly, shares carrying 5% or more of the issued and outstanding Common Shares of the Company.

C. Material Contracts

- 1) the Amendment to the Mineral Lease Agreement dated April 19, 2018 between the Company and Janelle Dietrich, concerning the lease by the Company of those mining claims which constitute the Gibellini Project. *Refer to Gibellini Project, History disclosure for full details.*
- 2) the Pulacayo Mining Production Contract dated September 30, 2019, between the Company and the Corporación Minera de Bolivia, a branch of the Bolivian Mining Ministry. *Refer to Pulacayo Project, Property disclosure for full details.*
- 3) The Triunfo APA between the Company's subsidiary Illumina Silver Mining Corp. and a private party to acquire the Triunfo Project. *Refer to the Triunfo Project, Bolivia disclosure for full details.*
- 4) The Arrangement Agreement. *Refer to Events Subsequent to the Financial Year ended December 31, 2021*

D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation, including foreign exchange controls, in Canada which may affect the export or import of capital or that may affect the remittance of dividends, interest or other payments to non-resident holders of the Company's securities. Any remittances of dividends to United States residents, however, are subject to a withholding tax pursuant to the Income Tax Act (Canada) and the Canada-U.S. Income Tax Convention (1980) (each as amended and together the "Convention"). Remittances of interest to U.S. residents entitled to the benefits of the Convention are generally not subject to withholding taxes except in limited circumstances involving participating interest payments. Certain other types of remittances, such as royalties paid to U.S. residents, may be subject to a withholding tax depending on all of the circumstances.

E. Taxation

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of Common Shares.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including, without limitation, specific tax consequences to a U.S. Holder under an applicable income tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular U.S. Holder. This summary does not address the U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares. In addition, except as specifically set forth below,

this summary does not discuss applicable tax reporting requirements. Each U.S. Holder should consult its own tax advisors regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of Common Shares.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable, and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied retroactively. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders

For purposes of this summary, the term "U.S. Holder" means a beneficial owner of Common Shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) have a "functional currency" other than the U.S. dollar; (e) own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other integrated transaction; (f) acquire Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) are subject to the alternative minimum tax; (i) are subject to special tax accounting rules with respect to Common Shares; (j) own, have owned or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the outstanding Common Shares; (k) are partnerships or other pass-through entities; (l) are S corporations; (m) U.S. expatriates or former long-term residents of the U.S.; or (n) hold Common Shares in connection with a trade or business, permanent establishment, or fixed base outside the United States or are otherwise subject to tax in a non-U.S. jurisdiction with respect to their Common Shares. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of Common Shares.

If an entity or arrangement that is classified as a partnership (or other "pass-through" entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such entity or arrangement and the partners (or other owners or participants) of such entity or arrangement generally will depend on the activities of the entity or arrangement and the status of such partners (or owners or participants). This summary does not address the tax consequences to any such partner (or owner or participants). Partners (or other owners or participants) of entities or arrangements that are classified as partnerships or as "pass-through" entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of Common Shares.

Passive Foreign Investment Company Rules

PFIC Status of the Company

If the Company were to constitute a "passive foreign investment company" under the meaning of Section 1297 of the Code (a "PFIC", as defined below) for any year during a U.S. Holder's holding period, then certain potentially adverse rules may affect the U.S. federal income tax consequences to a U.S. Holder as a result of the acquisition, ownership and disposition of Common Shares. The Company believes that it was classified as a PFIC during its most recently completed tax year, and based on current business plans and financial expectations, the Company expects that it should be a PFIC for the current tax year and may be a PFIC in future tax years. No opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or any subsidiary of the Company) concerning its PFIC status. Each U.S. Holder should consult its own tax advisors regarding the PFIC status of the Company and each subsidiary of the Company. In any year in which the Company is classified as a PFIC, a U.S. Holder will be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. In addition to penalties, a failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621 annually.

The Company generally will be a PFIC if, for a tax year, (a) 75% or more of the gross income of the Company is passive income (the "PFIC income test") or (b) 50% or more of the value of the Company's assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the "PFIC asset test"). "Gross income" generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business, or supplies regularly used or consumed in the ordinary course of its trade or business, and certain other requirements are satisfied.

For purposes of the PFIC income test and PFIC asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and PFIC asset test described above, and assuming certain other requirements are met, "passive income" does not include certain interest, dividends, rents, or royalties that are received or accrued by the Company from certain "related persons" (as defined in Section 954(d)(3) of the Code) also organized in Canada, to the extent such items are properly allocable to the income of such related person that is not passive income.

Under certain attribution rules, if the Company is a PFIC, U.S. Holders will generally be deemed to own their proportionate Common Share's direct or indirect equity interest in any company that is also a PFIC (a "Subsidiary PFIC"), and will generally be subject to U.S. federal income tax under the "Default PFIC Rules under Section 1291 of the Code" discussed below on their proportionate share of (a) any "excess distributions," as described below, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of

the stock of a Subsidiary PFIC by the Company or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of Common Shares. Accordingly, U.S. Holders should be aware that they could be subject to tax under the PFIC rules even if no distributions are received and no redemptions or other dispositions of Common Shares are made.

Default PFIC Rules Under Section 1291 of the Code

If the Company is a PFIC for any tax year during which a U.S. Holder owns Common Shares, the U.S. federal income tax consequences to such U.S. Holder of the acquisition, ownership, and disposition of Common Shares will depend on whether and when such U.S. Holder makes an election to treat the Company and each Subsidiary PFIC, if any, as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "QEF Election") or makes a mark-to-market election under Section 1296 of the Code (a "Mark-to-Market Election"). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "Non-Electing U.S. Holder."

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code (described below) with respect to (a) any gain recognized on the sale or other taxable disposition of Common Shares and (b) any "excess distribution" received on the Common Shares. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder's holding period for the Common Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares (including an indirect disposition of the stock of any Subsidiary PFIC), and any "excess distribution" received on Common Shares or with respect to the stock of a Subsidiary PFIC, must be ratably allocated to each day in a Non-Electing U.S. Holder's holding period for the respective Common Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income (and not eligible for certain preferred rates). The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If the Company is a PFIC for any tax year during which a Non-Electing U.S. Holder holds Common Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent tax years. If the Company ceases to be a PFIC, a Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above), but not loss, as if such Common Shares were sold on the last day of the last tax year for which the Company was a PFIC.

QEF Election

A U.S. Holder that makes a timely and effective QEF Election for the first tax year in which the holding period of its Common Shares begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Common Shares. A U.S. Holder that makes a timely and effective QEF Election will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, for any tax year in which the Company is a PFIC and has no net income or gain, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a timely and effective QEF Election with respect to the Company generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents "earnings and profits" of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" if such QEF Election is made for the first year in the U.S. Holder's holding period for the Common Shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year. If a U.S. Holder does not make a timely and effective QEF Election for the first year in the U.S. Holder's holding period for the Common Shares, the U.S. Holder may still be able to make a timely and effective QEF Election in a subsequent year if such U.S. Holder meets certain requirements and makes a "purging" election to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Common Shares were sold for their fair market value on the day the QEF Election is effective. If a U.S. Holder makes a QEF Election but does not make a "purging" election to recognize gain as discussed in the preceding sentence, then such U.S. Holder shall be subject to the QEF Election rules and shall continue to be subject to tax under the rules of Section 1291 discussed above with respect to its Common Shares. If a U.S. Holder owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. Holder is a direct shareholder and the Subsidiary PFIC for the QEF rules to apply to both PFICs.

A QEF Election will apply to the tax year for which such QEF Election is timely made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which the Company qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurances that the Company will satisfy the record keeping requirements that apply to a QEF, or that the Company will supply U.S. Holders with information that such U.S. Holders are required to report under the QEF rules, in the event that the Company is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Common Shares. Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a QEF Election.

U.S. Holders should be aware that there can be no assurances that the Company will satisfy the record keeping requirements that apply to a QEF, or that the Company will supply U.S. Holders with information that such U.S. Holders are required to report under the QEF rules, in the event that the Company is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Common Shares. Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a QEF Election.

A U.S. Holder makes a QEF Election by attaching a completed IRS Form 8621, including a PFIC Annual Information Statement, to a timely filed United States federal income tax return. However, if the Company does not provide the required information with regard to the Company or any of its Subsidiary PFICs, U.S. Holders will not be able to make a QEF Election for such entity and will continue to be subject to the rules of Section 1291 of the Code discussed above that apply to Non-Electing U.S. Holders with respect to the taxation of gains and excess distributions.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Common Shares are marketable stock. The Common Shares generally will be "marketable stock" if the Common Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and surveillance requirements, and meets other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules

of such foreign exchange effectively promote active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Common Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such Common Shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for the Common Shares for which the Company is a PFIC and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Common Shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares, as of the close of such tax year over (b) such U.S. Holder's adjusted tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in the Common Shares, over (b) the fair market value of such Common Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Common Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years). Losses that exceed this limitation are subject to the rules generally applicable to losses provided in the Code and Treasury Regulations.

A U.S. Holder makes a Mark-to-Market Election by attaching a completed IRS Form 8621 to a timely filed United States federal income tax return. A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Common Shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Common Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to avoid the application of the default rules of Section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or excess distributions from a Subsidiary PFIC to its shareholder.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Common Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Common Shares are transferred.

If finalized in their current form, the proposed Treasury Regulations applicable to PFICs would be effective for transactions occurring on or after April 1, 1992. Because the proposed Treasury Regulations have not yet been adopted in final form, they are not currently effective, and there is no assurance that they will be adopted in the form and with the effective date proposed. Nevertheless, the IRS has announced that, in the absence of final Treasury Regulations, taxpayers may apply reasonable interpretations of the Code provisions applicable to PFICs and that it considers the rules set forth in the proposed Treasury Regulations to be reasonable interpretations of those Code provisions. The PFIC rules are complex, and the implementation of certain aspects of the PFIC rules requires the issuance of Treasury Regulations which in many instances have not been promulgated and which, when promulgated, may have retroactive effect. U.S. Holders should consult their own tax advisors about the potential applicability of the proposed Treasury Regulations.

Certain additional adverse rules may apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses Common Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Common Shares.

In addition, a U.S. Holder who acquires Common Shares from a decedent will not receive a "step up" in tax basis of such Common Shares to fair market value.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with its own tax advisors regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisors regarding the PFIC rules (including the applicability and advisability of a QEF Election and Mark-to-Market Election) and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

General Rules Applicable to the Ownership and Disposition of Common Shares

The following discussion describes the general rules applicable to the ownership and disposition of the Common Shares but is subject in its entirety to the special rules described above under the heading "Passive Foreign Investment Company Rules."

Distributions on Common Shares

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Common Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current and accumulated "earnings and profits" of the Company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the Company is a PFIC for the tax year of such distribution or the preceding tax year. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Common Shares and thereafter as gain from the sale or exchange of such Common Shares. (See "Sale or Other Taxable Disposition of Common Shares" below). However, the Company may not maintain the calculations of its earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder may have to assume that any distribution by the Company with respect to the Common Shares will constitute ordinary dividend income. Dividends received on Common Shares by corporate U.S. Holders generally will not be eligible for the "dividends received deduction." Subject to applicable limitations and provided the Company is eligible for the benefits of the Canada-U.S. Tax Convention or the Common Shares are readily tradable on a United States securities market, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gain for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisors regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

Upon the sale or other taxable disposition of Common Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder's tax basis in such Common Shares sold or otherwise disposed of. A U.S. Holder's tax basis in Common Shares generally will be such holder's U.S. dollar cost for such Common Shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Common Shares have been held for more than one year.

Preferential tax rates currently apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Additional Considerations

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or on the sale, exchange or other taxable disposition of Common Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income that is subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. The foreign tax credit rules are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances. Each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Backup Withholding and Information Reporting

Under U.S. federal income tax law, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain thresholds. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Common Shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, Common Shares will generally be subject to information reporting and backup withholding tax, at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute a complete description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax and, under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisors regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR OWN PARTICULAR CIRCUMSTANCES.

F. Dividends and Paying Agents

Not Applicable.

G. Statement by Experts

Not Applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act and file reports and other information with the SEC. The SEC maintains a website that contains reports and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>.

The documents concerning us referred to in this Annual Report may be viewed during normal business hours at our executive offices at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

We are required to file reports and other information with the securities commissions in Canada. You are invited to read and copy any reports, statements or other information, other than confidential filings, that we file with the provincial securities commissions. These filings are also electronically available from SEDAR at www.sedar.com, the Canadian equivalent of the SEC's electronic document gathering and retrieval system.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

(a) Quantitative Information about market risk

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and commodity and equity price risk. Despite some signs of improvement, market challenges for commodities and mining sector equities continued during the first part of the year. These economic conditions create uncertainty particularly over the price of vanadium, silver and coal, the exchange rate between Canadian and US dollars and the timing of any further recovery remains uncertain.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of December 31, 2020. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

Foreign Currency Risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has exploration projects in the United States, Bolivia and Mongolia and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollar, Bolivian boliviano and Mongolian tugrik into its reporting currency, the Canadian dollar.

Based on the above, net exposures as at December 31, 2021, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the Mongolian tugrik would impact net loss with other variables unchanged by \$88,000. A 10% strengthening (weakening) of the Canadian dollar against the Bolivian boliviano would impact net loss with other variables unchanged by \$52,000. A 10% strengthening (weakening) of the US dollar against the Canadian dollar would impact net loss with other variables unchanged by \$4,000. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

Commodity and Equity Price Risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

The Company is also exposed to price risk with regards to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

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 is exposed to credit risk primarily associated to cash and receivables. The carrying amount of assets included on the statements of financial position represents the maximum credit exposure.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. A.-C.

Not applicable.

D. American Depository Receipts

The Company does not have securities registered as American Depository Receipts.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's Audit Committee and management, including the Company's CEO and the Company's CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the U.S. Exchange Act as of December 31, 2021. Based on their evaluation, the Company's CEO and CFO have concluded that the disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the U.S. Exchange Act is, (a) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (b) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

B. Management's Annual Report on Internal Control Over Financial Reporting

The Company's management, including the Company's CEO and CFO, is responsible for establishing and maintaining adequate internal control over the Company's internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the U.S. Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Because of their inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management (with the participation of the CEO and the CFO) conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. This evaluation was based on the criteria set forth in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management has concluded that the Company's internal control over financial reporting was effective during the year ended December 31, 2021, and management's assessment did not identify any material weaknesses.

C. Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm due to: (1) the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which permits the Company as a "non-accelerated filer" to provide only management's report on internal control over financial reporting in this Annual Report and omit an attestation report of the issuer's registered public accounting firm regarding management's report on internal control over financial reporting; and (2) our qualifying as an "emerging growth company" under section 3(a) of the Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), providing us an exemption from the attestation requirement.

D. Changes in Internal Control Over Financial Reporting

Based upon their evaluation of our controls, our CEO and CFO have concluded that there were no significant changes in our internal control over financial reporting or in other factors during our last fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

Not applicable.

ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board has determined that Mr. Greg Hall, Chairman of the Audit Committee possesses the educational and professional qualifications as well as the experience to qualify as an "Audit Committee Financial Expert" as defined in Item 407(d)(5) of Regulation S-K under the Exchange Act. Mr. Hall does not meet the criteria for independence of an audit committee member established under the NYSE American Company Guide. In addition, the Company believes that the other members of the Audit Committee are capable of analyzing and evaluating the financial statements and understanding internal controls and procedures for financial reporting.

ITEM 16B CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to all directors, senior officers and employees of the Company including the CEO and CFO.

Shareholders may request a copy of the Code of Ethics by written request directed to Silver Elephant Mining Corp., Suite 1610, 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2.

There have been no waivers or amendments to the Code of Ethics during the year ended December 31, 2021.

ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table shows the aggregate amounts billed to the Company by its principal auditors, Davidson & Company LLP Chartered Accountants Vancouver, British Columbia (PCAOB ID 731), and its affiliates, for the three fiscal years ended December 31, 2021, for audit fees, audit related fees, tax fees and all other fees:

	Year Ended December 31, 2021 ⁽⁵⁾	Year Ended December 31, 2020	Year Ended December 31, 2019
Audit Fees (1)	\$100,000	\$86,037	\$100,000
Audit-Related Fees (2)	15,183	21,000	Nil
Tax Fees (3)	37,000	15,950	20,000
All Other Fees (4)	104,564	20,000	Nil
TOTAL	\$256,747	\$146,787	\$120,000

Notes:

1. "Audit Fees" represent fees for the audit of the annual consolidated financial statements, and review in connection with the statutory and regulatory filings.
2. "Audit Related Fees" represent fees for assurance and related services that are related to the performance of the audit.
3. "Tax Fees" represent fees for tax compliance, tax advice and planning.
4. "All Other Fees" represent fees for the SpinCos audits related to the Arrangement.
5. Fees for the year ended December 31, 2021, are based, in part, upon estimates received by the Company as final invoices are yet to be rendered as of the date of this Annual Report.

ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G CORPORATE GOVERNANCE

Not applicable.

ITEM 16H MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities with respect to mining operations and properties in the United States that are subject to regulation by the Federal Mine Safety and Health Administration (the "MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). During the year ended December 31, 2021, the Company had no operating mines in the United States that were subject to regulation by the MSHA under the Mine Act.

ITEM 16I DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS Page 82

ITEM 19. EXHIBITS

Exhibit Number Description

- 1.1* Articles of Incorporation (incorporated by reference from our Registration Statement on Form 20-F filed with the SEC on June 27, 2018).
- 1.2* Amendment to Articles of Incorporation dated March 16, 2020 (incorporated by reference filed with the SEC on March 17, 2020.)
- 2.1 Description of Registered Securities
- 4.1* Debt Settlement Agreement dated January 13, 2017 among Silver Elephant Mining Corp., Linx and John Lee (incorporated by reference from our Registration Statement on Form 20-F filed with the SEC on June 27, 2018).
- 4.2* Mineral Lease Agreement dated June 22, 2017 between Silver Elephant Mining Corp. and Janelle Dietrich (incorporated by reference from our Registration Statement on Form 20-F filed with the SEC on June 27, 2018).
- 4.3* Mineral Lease Agreement dated July 10, 2017 among Silver Elephant Mining Corp., Richard A. McKay, Nancy M. Minoletti and Pamela S. Scutt (incorporated by reference from our Registration Statement on Form 20-F filed with the SEC on June 27, 2018).
- 4.4* Share Purchase Agreement dated February 7, 2018 among Silver Elephant Mining Corp., Medalist Capital Ltd. and 631208 B.C. Ltd. (incorporated by reference from our Registration Statement on Form 20-F filed with the SEC on June 27, 2018).
- 4.5* Amendment to the Mineral Lease Agreement dated April 19, 2018 between Silver Elephant Mining Corp. and Janelle Dietrich (incorporated by reference from our Annual Report on Form 20-F filed with the SEC on March 31, 2019).
- 4.6* Share-Based Compensation Plan (incorporated by reference from the Company's Management information Circular filed with the SEC on December 22, 2021).
- 4.7* English Summary of Pulacayo Joint Venture Agreement (incorporated by reference from our Annual Report on Form 20-F filed with the SEC on March 31, 2019).
- 4.8* Underwriting Agreement between Silver Elephant Mining Corp., and Mackie Research Capital Corporation, Canaccord Genuity Corp. and Sprott Capital Partners LP. dated October 26, 2020 (incorporated by reference from our Form 6-K filed with the SEC on October 29, 2020).
- 4.9* Amendment to Underwriting Agreement between Silver Elephant Mining Corp., and Mackie Research Capital Corporation, Canaccord Genuity Corp. and Sprott Capital Partners LP. dated November 17, 2020 (incorporated by reference from our Form 6-K filed with the SEC on November 18, 2020.)
- 4.10* The El Triunfo Sales and Purchase Agreement dated July 13, 2020 between the Company's subsidiary Illumina Silver Mining Corp. and a private party to acquire the El Triunfo Gold-Silver-Lead-Zinc Project (incorporated by reference filed with the SEC on February 9, 2021).
- 4.11* Minago Project Asset Purchase Agreement dated January 21, 2021 (incorporated by reference and filed with the SEC on February 10, 2021)
- 4.12* Voting Trust Agreement dated February 9, 2021 between Victory Nickel Inc. and the Company dated February 9, 2021 (incorporated by reference and filed with the SEC on February 10, 2021).
- 4.13* Voting Trust Agreement in respect to the Company's Common Shares dated February 9, 2021 (incorporated by reference and filed with the SEC on February 10, 2021).
- 4.14* Debt Purchase Agreement between City Hall Capital LLC and Silver Elephant Mining Corp (redacted) . dated January 15, 2021 (incorporated by reference and filed with the SEC on February 10, 2021).
- 4.15 Amended and Restated Arrangement Agreement dated November 8, 2021.
- 8.1 List of Subsidiaries
- 12.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 12.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 13.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 15.1* 43-101 Pulacayo 2020 Technical Report, effective Oct 13 2020 dated October 23, 2020 (incorporated by reference from our Form 6-K filed with the SEC on November 18, 2020)
- 15.2 S-K 1300 Pulacayo 2022 Technical Report, effective April 29, 2022 dated May 2, 2022.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference from the Company's SEC filings.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date: May 6, 2022

SILVER ELEPHANT MINING CORP.
By: /s/ John Lee
John Lee
Chief Executive Officer

Annual Consolidated Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars)



SILVER ELEPHANT MINING CORP.

Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The annual audited consolidated financial statements (the “**Annual Financial Statements**”), the notes thereto, and other financial information contained in the accompanying Management’s Discussion and Analysis (“**MD&A**”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of Silver Elephant Mining Corp. The financial information presented elsewhere in the MD&A is consistent with the data that is contained in the Annual Financial Statements. The Annual Financial Statements, where necessary, include amounts which are based on the best estimates and judgment of management.

In order to discharge management’s responsibility for the integrity of the Annual Financial Statements, the Company maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the Company’s assets are safeguarded, transactions are executed and recorded in accordance with management’s authorization, proper records are maintained, and relevant and reliable financial information is produced. These controls include maintaining quality standards in hiring and training of employees, policies and procedures manuals, a corporate code of conduct and ethics and ensuring that there is proper accountability for performance within appropriate and well-defined areas of responsibility. The system of internal controls is further supported by a compliance function, which is designed to ensure that we and our employees comply with securities legislation and conflict of interest rules.

The Board of Directors is responsible for overseeing management’s performance of its responsibilities for financial reporting and internal control. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Board who approve the Annual Financial Statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits and the adequacy of the system of internal controls, and to review financial reporting issues.

The external auditors, Davidson & Company LLP, have been appointed by the Company’s shareholders to render their opinion on the Annual Financial Statements and their report is included herein.

“John Lee”

John Lee, Chief Executive Officer
Vancouver, British Columbia

“Irina Plavutska”

Irina Plavutska, Chief Financial Officer

March 30, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Silver Elephant Mining Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Silver Elephant Mining Corp. (the “Company”), as of December 31, 2021, 2020 and 2019 and the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity (deficiency), and cash flows for the years ended December 31, 2021, 2020 and 2019 and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Elephant Mining Corp. as of December 31, 2021, 2020 and 2019 and the results of its operations and its cash flows for the years ended December 31, 2021, 2020 and 2019 in conformity with those requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.



Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2013.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

March 30, 2022

SILVER ELEPHANT MINING CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	December 31, 2021	December 31, 2020	December 31, 2019
Assets				
Current assets				
Cash	9	\$ 579,508	\$ 7,608,149	\$ 3,017,704
Receivables	10	79,036	75,765	246,671
Prepaid expenses	11	103,931	114,717	135,767
Assets held for sale	7	40,052,477	-	-
		40,814,952	7,798,631	3,400,142
Non-current assets				
Restricted cash equivalents	9	34,500	34,500	34,500
Reclamation deposits		21,055	21,055	21,055
Right-of-use asset	13	-	18,430	50,023
Equipment	14	41,035	153,800	159,484
Mineral properties	15	21,134,876	31,806,594	23,782,884
		\$ 62,046,418	\$ 39,833,010	\$ 27,448,088
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	16	\$ 2,502,139	\$ 1,759,163	\$ 2,420,392
Lease liability	17	-	20,533	32,285
Liabilities associated with assets held for sale	7	6,816,407	-	-
		9,318,546	1,779,696	2,452,677
Non-current liabilities				
Lease liability	17	-	-	20,533
Provision for closure and reclamation	18	2,037,731	695,257	266,790
Tax provision	19	-	-	-
		11,356,277	2,474,953	2,740,000
Equity				
Share capital	20	214,790,904	197,612,182	181,129,012
Reserves		26,335,247	24,852,022	24,058,336
Deficit		(191,935,861)	(185,106,147)	(180,479,260)
Equity attributable to owners of parent		49,190,290	37,358,057	24,708,088
Equity attributable to non-controlling interests	21	1,499,851	-	-
		\$ 62,046,418	\$ 39,833,010	\$ 27,448,088

Approved on behalf of the Board:

"John Lee"
John Lee, Director

"Greg Hall"
Greg Hall, Director

Arrangement and Assets Held for Sale (Note 7)
Events after the reporting date (Note 29)

The accompanying notes form an integral part of these consolidated financial statements.

SILVER ELEPHANT MINING CORP.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

(Expressed in Canadian Dollars)

	Notes	Year Ended December 31,		
		2021	2020	2019
General and Administrative Expenses				
Advertising and promotion	\$	559,183	\$ 541,029	\$ 794,182
Consulting and management fees	25	848,146	570,356	251,552
Depreciation and accretion		22,062	41,116	65,157
Director fees	25	119,801	108,600	103,805
Insurance		86,012	100,948	93,661
Office and administration		196,797	136,274	123,904
Professional fees		631,478	321,355	228,594
Salaries and benefits	25	613,007	530,065	760,182
Share-based payments	20	583,801	770,617	707,802
Stock exchange and shareholder services		315,371	180,433	139,908
Travel and accommodation		25,013	93,323	236,815
		(4,000,671)	(3,394,116)	(3,505,562)
Other Items				
Costs in excess of recovered coal	26	(1,730,294)	(590,204)	(120,354)
Foreign exchange gain/(loss)		349,983	(64,841)	(443,203)
(Impairment)/recovery of mineral property	15	(1,278,817)	-	13,708,200
Impairment of prepaid expenses	11	-	(121,125)	(51,828)
Recovery of receivables, net	10	50,906	(470,278)	(16,304)
Loss on sale of marketable securities	12	(220,821)	-	-
Gain/(loss) on sale of equipment	14	-	13,677	(9,795)
Gain on debt settlement	28	-	-	7,952,700
		(2,829,043)	(1,232,771)	21,019,416
Net Income/(Loss) for Year		(6,829,714)	(4,626,887)	17,513,854
Net Income/(Loss) Per Common Share,				
basic	\$	(0.33)	\$ (0.34)	\$ 1.71
diluted	\$	(0.33)	\$ (0.34)	\$ 1.71
Weighted Average Number of Common Shares Outstanding,				
basic		20,986,610	13,790,180	10,220,811
diluted		20,986,610	13,790,180	10,239,815

The accompanying notes form an integral part of these consolidated financial statements.

SILVER ELEPHANT MINING CORP.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity (Deficiency)	Non-controlling interest	Total Equity (Deficiency)
Balance, December 31, 2018	9,531,613	\$ 173,819,546	\$ 23,413,830	\$ (197,993,114)	\$ (759,738)	\$ -	\$ (759,738)
Private placements, net of share issue costs	2,275,000	6,117,991	-	-	6,117,991	-	6,117,991
Finders shares	117,950	366,800	-	-	366,800	-	366,800
Debt Settlements	10,495	43,030	-	-	43,030	-	43,030
Exercise of stock options	62,250	328,095	(153,845)	-	174,250	-	174,250
Exercise of warrants	65,143	279,050	(28,478)	-	250,572	-	250,572
Bonus shares	50,000	115,000	-	-	115,000	-	115,000
Share compensation for services	17,500	59,500	-	-	59,500	-	59,500
Share-based payments	-	-	826,829	-	826,829	-	826,829
Gain for the year	-	-	-	17,513,854	17,513,854	-	17,513,854
Balance, December 31, 2019	12,129,951	\$ 181,129,012	\$ 24,058,336	\$ (180,479,260)	\$ 24,708,088	\$ -	\$ 24,708,088
Private placements, net of share issue costs	3,820,000	10,247,206	-	-	10,247,206	-	10,247,206
Finders units	15,690	(24,000)	24,000	-	-	-	-
Broker warrants	-	(226,917)	226,917	-	-	-	-
Shares issued for property acquisition	400,000	2,000,000	-	-	2,000,000	-	2,000,000
Exercise of stock options	123,375	572,659	(272,847)	-	299,812	-	299,812
Exercise of warrants	1,402,767	3,273,822	(166,628)	-	3,107,194	-	3,107,194
Bonus shares	160,100	640,400	-	-	640,400	-	640,400
Share-based payments	-	-	982,244	-	982,244	-	982,244
Loss for the year	-	-	-	(4,626,887)	(4,626,887)	-	(4,626,887)
Balance, December 31, 2020	18,051,883	\$ 197,612,182	\$ 24,852,022	\$ (185,106,147)	\$ 37,358,057	\$ -	\$ 37,358,057
Private placements, net of share issue costs	2,700,000	7,331,633	-	-	7,331,633	-	7,331,633
Finders warrants	-	(42,651)	42,651	-	-	-	-
Shares issued for property acquisition	2,005,231	6,231,637	-	-	6,231,637	-	6,231,637
Exercise of stock options	99,500	386,506	(179,682)	-	206,824	-	206,824
Exercise of warrants	1,268,341	3,271,597	(9,600)	-	3,261,997	-	3,261,997
Warrants issued for property acquisition	-	-	886,544	-	886,544	-	886,544
Flying Nickel FT shares and warrants, net of share issuance cost	-	-	-	-	-	1,284,757	1,284,757
Flying Nickel warrants issuable	-	-	-	-	-	215,094	215,094
Share-based payments	-	-	743,312	-	743,312	-	743,312
Loss for the year	-	-	-	(6,829,714)	(6,829,714)	-	(6,829,714)
Balance, December 31, 2021	24,124,955	\$ 214,790,904	\$ 26,335,247	\$ (191,935,861)	\$ 49,190,290	\$ 1,499,851	\$ 50,690,141

The accompanying notes form an integral part of these consolidated financial statements.

SILVER ELEPHANT MINING CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31,		
		2021	2020	2019
Operating Activities				
Net gain/(loss) for year		\$ (6,829,714)	\$ (4,626,887)	\$ 17,513,854
Adjustments to reconcile net loss to net cash flows:				
Depreciation and accretion		90,197	64,387	65,157
Share-based payments	20	583,801	770,617	707,802
Unrealized foreign exchange (gain)/loss		-	-	(169,218)
Share compensation for services	20	660,000	720,900	356,003
Impairment/(recovery) of mineral property	15	1,278,817	-	(13,708,200)
Impairment of prepaid expenses	11	-	121,125	51,828
Impairment/(recovery) of receivables	10	(50,906)	470,278	16,304
Loss on sale of marketable securities	12	220,821	-	-
Gain on sale of equipment	14	-	13,677	9,795
Change in estimate reclamation provision	18	1,274,339	405,196	-
Gain on debt settlement	28	-	-	(7,952,700)
		(2,772,645)	(2,060,707)	(3,109,375)
Changes to working capital items				
Receivables	10	47,635	(299,372)	(196,079)
Prepaid expenses and reclamation deposits	11	8,614	(100,075)	(29,323)
Accounts payable and accrued liabilities	16	525,236	(88,888)	659,264
Cashflows From Operating Activities		(2,191,160)	(2,549,042)	(2,675,513)
Investing Activities				
Proceeds on sale of equipment	14	-	50,695	-
Purchase of equipment	14	-	(111,592)	(113,564)
Mineral property expenditures	15	(15,209,563)	(6,336,166)	(6,123,401)
Purchase of marketable securities	12	(1,000,000)	-	-
Sale of marketable securities	12	779,179	-	-
Cashflows From Investing Activities		(15,430,384)	(6,397,063)	(6,236,965)
Financing Activities				
Proceeds from share issuance, net of share issue costs	20	7,331,633	10,201,706	6,237,791
Proceeds from exercise of stock options	20	206,824	299,812	174,250
Proceeds from exercise of warrants	20	2,601,997	3,072,194	250,572
Flow-through shares, net of share issue costs	21	1,424,228	-	-
Subscription receipts, net of deferred transaction costs	21	6,565,752	-	-
Lease payments	17	(22,939)	(37,162)	(36,528)
Cashflows From Financing Activities		18,107,495	13,536,550	6,626,085
Net decrease in cash		485,951	4,590,445	(2,286,393)
Cash - beginning of year		7,608,149	3,017,704	5,304,097
Cash held in assets held for sale	7	(7,514,592)		
Cash - end of year		\$ 579,508	\$ 7,608,149	\$ 3,017,704

Supplemental cash flow information (Note 27)

The accompanying notes form an integral part of these consolidated financial statements.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Silver Elephant Mining Corp. (the “**Company**” or “**ELEF**”) is incorporated under the laws of the province of British Columbia, Canada. The common shares without par value in the capital of the Company (the “**Common Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**ELEF**” and on the Frankfurt Stock Exchange under the symbol “**1P2N**” and are quoted on the OTCQX® Best Market under the symbol “**SILEF**”. The Company maintains its registered and records office at Suite 1610 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

The Company is a mineral exploration stage company. The Company's projects are the Pulacayo Paca silver-lead-zinc property in Bolivia (the “**Pulacayo Project**”), the El Triunfo gold-silver-lead-zinc project in Bolivia (“the **Triunfo Project**”), the Gibellini vanadium project in the State of Nevada, USA (the “**Gibellini Project**”), and the Minago nickel project in Manitoba, Canada (the “**Minago Project**”). The Company also owns or holds 100% interests in each of the following projects: (a) the Titan vanadium-titanium-iron project located in Ontario, Canada, (b) the Sunawayo silver-zinc-lead project in Bolivia, (c) the Ulaan Ovoo coal project located in Mongolia, and (d) the Chandgana Khavtgai and Tal coal projects, located in Mongolia; all of which have been fully impaired.

As at December 31, 2021 the Company was in the process of completing a strategic reorganization of the business through a statutory plan or arrangement (the “**Arrangement**”) under the Business Corporations Act (British Columbia) dated November 8, 2021 pursuant to which it shall:

- i. complete a consolidation of the outstanding share capital of ELEF whereby each 10 pre-consolidation ELEF share shall be exchanged for one post-consolidation ELEF share;
- ii. transfer certain royalties presently held by ELEF in certain projects into its own entity, Battery Metals Royalty Corp. (“**RoyaltyCo**”), a wholly owned subsidiary of ELEF;
- iii. spin-off the Minago Project into its own entity, Flying Nickel Mining Corp. (“**NickelCo**” or “**Flying Nickel**”), a wholly owned subsidiary of ELEF;
- iv. and spin-off the Gibellini Project into its own entity, Nevada Vanadium Mining Corp. (“**VanadiumCo**”), a wholly owned subsidiary of ELEF.

Subsequent to December 31, 2021, on January 14, 2022, the Company's share capital was consolidated on the basis of one (1) new share for each ten (10) old shares (the “**Consolidation**”). All common share, warrant, option and per share amounts have been retroactively adjusted.

These consolidated annual financial statements (the “Annual Financial Statements”) have been prepared under the assumption that the Company is a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As at December 31, 2021, the Company has a deficit of \$192 million. The operations of the Company were primarily funded by the issuance of capital stock and proceeds from option and warrant exercises.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue its business.

Risks associated with Public Health Crises, including COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS (cont'd...)

disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation.

In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company's production.

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

As at the date of the consolidated financial statements, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately respond or efficiently and quickly recover from such event, which could have a materially adverse effect on the Company's operations. The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk

2. BASIS OF PRESENTATION

These Annual Financial Statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting year ended December 31, 2021.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these Annual Financial Statements and their effect are disclosed in Note 5.

These Annual Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair values. These Annual Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. These Annual Financial Statements are presented in Canadian Dollars, except where otherwise noted.

The accounting policies set out in Note 6 have been applied consistently by the Company and its subsidiaries to all periods presented.

The Annual Consolidated Financial Statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 30, 2022.

3. BASIS OF CONSOLIDATION

The Annual Financial Statements comprise the financial statements of the Company and its wholly owned and partially owned subsidiaries as at December 31, 2021. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Effects of transactions between subsidiaries are eliminated on consolidation. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

3. BASIS OF CONSOLIDATION (cont'd...)

The Company's significant subsidiaries at December 31, 2021 are presented in the following table:

Subsidiary	Location	Ownership interest	Projects Owned
Nevada Vanadium Mining Corp.*	Canada	100%	
Nevada Vanadium Holding Corp.*	Canada	100%	Gibellini project
Flying Nickel Mining Corp.*	Canada	0.01%	
Battery Metals Royalty Corp.*	Canada	100%	
Apogee Minerals Bolivia S. A.	Bolivia	98%	Pulacayo project
ASC Holdings Limited	Bolivia	100%	Paca project
Illumina Silver Mining Corp.	Canada	100%	Triunfo and Sunawayo projects
Red Hill Mongolia LLC	Mongolia	100%	Ulaan Ovoo mine
Chandgana Coal LLC	Mongolia	100%	Chandgana project

*Subsidiaries held for spin-off

**Percentage of voting power is in proportion to ownership, except for Flying Nickel Mining Corp.

Nevada Vanadium Mining Corp. (former 1324825 B.C. Ltd.) ("VanadiumCo") was incorporated on September 17, 2021, under the laws of the province of British Columbia, Canada and wholly owned by ELEF.

Nevada Vanadium Holding Corp. (former Nevada Vanadium Mining Corp.) was incorporated on August 28, 2019, under the laws of the province of British Columbia, Canada and wholly owned by VanadiumCo.

Battery Metals Royalties Corp. ("RoyaltyCo") was incorporated on July 9, 2021, under the laws of the province of British Columbia, Canada and wholly owned by ELEF.

Flying Nickel Mining Corp. ("NickelCo") was incorporated on December 21, 2020, under the laws of the province of British Columbia, Canada and was wholly owned by ELEF.

4. CHANGES IN ACCOUNTING POLICIES

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use. In May 2020, the IASB issued amendments to IAS 16, *Property, Plant and Equipment* (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit (loss). An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. We are currently assessing the effect of this amendment on our financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date. In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements

For the years ended December 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars)

4. CHANGES IN ACCOUNTING POLICIES (cont'd...)

These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of a company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

5.1 Significant Judgments

The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties (Annual financial statements 5.2), that have the most significant effect on the amounts recognized in the Annual Financial Statements include, but are not limited to:

(a) Functional currency determination

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. Management has determined the functional currency of all entities to be the Canadian dollar.

(b) Impairment (recovery) assessment of deferred exploration interests

The Company considers both external and internal sources of information in assessing whether there are any indications that mineral property interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral property interest. Internal sources of information the Company considers include the manner in which mineral properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

During the year ended December 31, 2021, the Company wrote-off \$1,278,816 (2020 - \$Nil, 2019 - \$Nil) of capitalized mineral property costs. During the year ended December 31, 2019, the Company reversed \$13,708,200 of impairment (Note 15).

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd...)

(c) Deferred Tax Assets and Liabilities

The measurement of the deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of deferred taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. For deferred tax calculation purposes, Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

(d) Depreciation

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation, depletion and amortization and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(e) Determination of Control over Non-Controlling Interest

The determination of control of subsidiaries involves significant judgment. De facto control exists in circumstances when an entity owns less than 50% voting rights in another entity but has control for reasons other than voting rights or contractual and other statutory means. These consolidated financial statements include the results of Flying Nickel as management has determined that the Company has de facto control over Flying Nickel as the Company has the practical ability to direct the relevant activities of Flying Nickel and controls the Board of Directors for all periods presented.

5.2 Estimates and Assumptions

The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(a) Mineral reserves

The recoverability of the carrying value of the mineral properties is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(b) Impairment

The carrying value of long-lived assets are reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the consolidated statement of income (loss) and comprehensive income (loss). The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs") for purposes of testing impairment, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of long-lived assets could impact the impairment analysis.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd...)

- (c) Allowance for doubtful accounts, and the recoverability of receivables and prepaid expense amounts.

Significant estimates are involved in the determination of recoverability of receivables and no assurance can be given that actual proceeds will not differ significantly from current estimations. Similarly, significant estimates are involved in the determination of the recoverability of services and/or goods related to the prepaid expense amounts, and actual results could differ significantly from current estimations.

Management has made significant assumptions about the recoverability of receivables and prepaid expense amounts. During the year ended December 31, 2021 the Company recovered \$81,321 (2020 - \$Nil, 2019 - \$Nil) of receivables which had been previously written-off. During the year ended December 31, 2021 the Company wrote-off \$30,415 (2020 - \$470,278; 2019 - \$16,304) of trade receivables and \$Nil (2020 - \$121,125; 2019 - \$51,828) of prepaid expenses for which not future benefit is expected to be received.

- (d) Provision for closure and reclamation

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

- (e) Share-based payments

Management uses valuation techniques in measuring the fair value of share purchase options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgement, and assumptions in relation to the expected life of the share purchase options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Annual Financial Statements.

- (f) Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Annual Financial Statements.

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6. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd...)

(g) Fair value measurement

The Company measures financial instruments at fair value at each reporting date. The fair values of financial instruments measured at amortized cost are disclosed in Note 23. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, completes an asset acquisition or where an entity measures the recoverable amount of an asset or cash-generating unit at fair value less costs of disposal. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

(h) Assets/liabilities held for spin-off

Assets held for spin-off and liabilities held for spin-off have been assessed individually to determine their fair value less costs to spin-off under current market conditions. Fair value less costs to spin-off is measured with reference to the fair value of the equity received as consideration. The Company believes that the valuation assumptions reflect a reasonable estimate of the recoverable amount of each account or asset.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Restricted cash equivalents

Restricted cash equivalents consist of highly liquid investments pledged as collateral for the Company's credit card and are readily convertible to known amounts of cash.

(b) Mineral properties

Mineral property assets consist of exploration and evaluation costs. Costs directly related to the exploration and evaluation of resource properties are capitalized to mineral properties once the legal rights to explore the resource properties are acquired or obtained. These costs include acquisition of rights to explore, license and application fees, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed at least annually for indicators of impairment and are tested for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(b) Mineral properties (cont'd...)

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balances of the payments received are recorded as a gain on option or disposition of mineral property.

(i) Title to mineral properties

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title, nor has the Company insured title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(ii) Realization of mineral property assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, and the attainment of successful production from properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into profitable producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(iii) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. Other than as disclosed in Note 18, the Company is not aware of any existing environmental issues related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(c) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(c) Equipment (cont'd...)

Depreciation of equipment is recorded on a declining-balance basis at the following annual rates:

Computer equipment	45%
Furniture and equipment	20%
Mining equipment	20%
Vehicles	30%
Right-of-use asset	Straight line / term of lease

When parts of major components of equipment have different useful lives, they are accounted for as a separate item of equipment.

The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

(d) Impairment of non-current assets and Cash Generating Units (“CGU”)

At the end of each reporting period, the Company reviews the carrying amounts of its long lived assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU, where the recoverable amount of the CGU is the greater of the CGU’s fair value less costs to sell and its value in use to which the assets belong. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Each project or group of claims or licenses is treated as a CGU. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses, which can vary from actual. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years.

(d) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the prevailing exchange rates on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates at the date of the consolidated statement of financial position. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising from this translation are included in the determination of net gain or loss for the year.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**(e) Deferred development costs**

Exploration expenditures are re-classified from Exploration and evaluation assets to deferred development costs within the property and equipment category once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After reclassification, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within deferred development cost. Development expenditure is net of proceeds from the sale of coal extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the statement of profit or loss and other comprehensive income.

(f) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

(g) Share-based payments

The Company has a share purchase option plan that is described in Note 20. The Company accounts for share-based payments using a fair value-based method with respect to all share-based payments to directors, officers, employees, and service providers. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued. The fair value is recognized as an expense or capitalized to mineral properties or property and equipment with a corresponding increase in option reserve. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

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

Upon the exercise of the share purchase option, the consideration received, and the related amount transferred from option reserve are recorded as share capital.

(h) Loss/gain per share

Basic loss/gain per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options and warrants. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options and warrants. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss/gain per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(i) Income taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Provision for closure and reclamation

The Company assesses its equipment and mineral property rehabilitation provision at each reporting date. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*.

The Company records the present value of estimated costs of legal and constructive obligations required to restore operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mineral properties; dismantling operating facilities; closure of plant and waste sites; and restoration, reclamation and vegetation of affected areas. Present value is used where the effect of the time value of money is material. The related liability is adjusted each period for the unwinding of the discount rate and for changes in estimates, changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

(k) Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of income (loss) and comprehensive income (loss) in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized

in OCI. Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(k) Financial instruments (cont'd...)

Impairment

The Company assesses on a forward-looking basis the expected credit loss (“ECL”) associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Please refer to Note 23 for relevant fair value measurement disclosures.

(l) Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a spin-off transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from these requirements.

An impairment loss or recovery is recognized for any initial or subsequent write-down or write-up of the disposal group to fair value less costs to sale. A gain is recognized for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the disposal group is recognized at the date of derecognition.

Non-current assets, including those that are part of a disposal group, are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(m) Leases

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset. At inception or on assessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee, we recognize a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**(m) Leases (cont'd...)**

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, our incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, and extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit (loss). We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit (loss) on a straight-line basis over the lease term.

(n) Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

(o) Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

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7. ARRANGEMENT AND ASSETS HELD FOR SALE

As at December 31, 2021 the Company was in the process of completing the Arrangement dated November 8, 2021 pursuant to which it shall:

- i. complete a consolidation of the outstanding share capital of ELEF whereby each 10 pre-consolidation ELEF share shall be exchanged for one post-consolidation ELEF share (completed);
- ii. transfer certain royalties presently held by ELEF in certain projects into RoyaltyCo (completed);
- iii. spin-off the Minago Project into NickelCo (completed);
- iv. and spin-off the Gibellini Project into VanadiumCo (completed) (collectively, the “SpinCos” or “SpinCo”).

ELEF will transfer assets, as described above, to each spin-out subsidiary in consideration for the following:

- NickelCo will purchase the Minago Project assets from ELEF in exchange for the issuance of 50,000,000 NickelCo shares and the assumption of certain liabilities related to the underlying assets;
- RoyaltyCo will purchase the royalties from ELEF in exchange for the issuance of 1,785,430 RoyaltyCo shares;
- VanadiumCo will purchase the Gibellini Project assets from ELEF in exchange for the issuance of 50,000,000 VanadiumCo shares and the assumption of certain liabilities related to the underlying assets;
- and RoyaltyCo will purchase certain of the outstanding shares of both VanadiumCo and NickelCo in exchange for the issuance of RoyaltyCo shares.

Upon the Arrangement completion:

- i. the authorized share capital of ELEF shall be reorganized and its articles amended by the creation of an unlimited number of Class A Shares;
- ii. and each ELEF shareholder will exchange each post-Consolidation ELEF share to receive: one share of each of NickelCo and VanadiumCo; two shares of RoyaltyCo; and one Class A share of ELEF

Holders of outstanding ELEF warrants and options after the Record Date will be entitled to receive, upon exercise of each such warrant and option at the same original exercise price and in accordance with the terms of such warrant and option, one share of each of NickelCo and VanadiumCo.; two shares of the RoyaltyCo (collectively, the “Reserved Shares”); and one Class A share of ELEF.

On December 22, 2021, the Company received shareholder approval of the Arrangement. On January 12, 2022, the Company received BC Supreme Court approval of the Arrangement. On January 14, 2022, the Company received regulatory approval and completed the Arrangement.

The Company is entered into Services Agreements with each SpinCo pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, and personnel necessary for the SpinCos to fulfill their basic day-to-day head office and executive responsibilities in a pro-rata cost-recovery basis.

As at December 31, 2021, management determined the assets and liabilities of the SpinCos met the definitions of assets held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Consequently, assets and liabilities of the SpinCos were classified as a disposal group. In accordance with IFRS 5, on the reclassification of disposal group as assets held for sale or spin-off and discontinued operations, the Company remeasured the net assets of the SpinCos at the lower of cost and fair value less costs of disposal.

The net assets to be transferred to NickelCo were valued at \$17,192,325 which was based on their carrying value at year-end. The net assets to be transferred to VanadiumCo were valued at \$16,043,745 which was based on their carrying value at year-end. There was \$Nil value ascribed to the royalties to be transferred to RoyaltyCo as they were internally generated assets with a \$Nil carrying value.

During the year-ended December 31, 2021, the Company incurred \$426,394 in transaction costs related to the Arrangement which were equally applied to each spin-out subsidiary.

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7. ARRANGEMENT AND ASSETS HELD FOR SALE (cont'd...)

As at December 31, 2021, the following is a summary of the assets and liabilities held for sale:

	December 31, 2021		
	NickelCo	VanadiumCo	Total
Current assets			
Cash	\$ 7,514,181	\$ 411	\$ 7,514,592
Prepaid expenses	-	2,172	2,172
Equipment	-	65,490	65,490
Mineral properties	16,452,656	16,017,567	32,470,223
	23,966,837	16,085,640	40,052,477
Current liabilities			
Accounts payable and accrued liabilities	\$ 284,383	\$ 41,895	\$ 326,278
Flying Nickel FT share liability	139,471	-	139,471
Flying Nickel subscription receipts, net	6,350,658	-	6,350,658
	6,774,512	41,895	6,816,407
Net assets	\$ 17,192,325	\$ 16,043,745	\$ 33,236,070

8. SEGMENTED INFORMATION

The Company operates in one operating segment, being the acquisition, exploration and development of mineral properties. Geographic segmentation of the Company's non-current assets is as follows:

	December 31, 2021				
	Canada	USA	Mongolia	Bolivia	Total
Reclamation deposits	\$ -	\$ -	\$ 21,055	\$ -	\$ 21,055
Equipment	5,111	-	7,391	28,533	41,035
Mineral properties	-	-	-	21,134,876	21,134,876
	\$ 5,111	\$ -	\$ 28,446	\$ 21,163,409	\$ 21,196,966

	December 31, 2020				
	Canada	USA	Mongolia	Bolivia	Total
Reclamation deposits	\$ -	\$ -	\$ 21,055	\$ -	\$ 21,055
Equipment	9,729	80,401	2,790	60,880	153,800
Mineral properties	-	13,290,081	-	18,516,513	31,806,594
	\$ 9,729	\$ 13,370,482	\$ 23,845	\$ 18,577,393	\$ 31,981,449

	December 31, 2020				
	Canada	USA	Mongolia	Bolivia	Total
Reclamation deposits	\$ -	\$ -	\$ 21,055	\$ -	\$ 21,055
Equipment	12,005	89,826	35,721	21,932	159,484
Mineral properties	-	8,600,658	-	15,182,226	23,782,884
	\$ 12,005	\$ 8,690,484	\$ 56,776	\$ 15,204,158	\$ 23,963,423

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9. CASH AND RESTRICTED CASH EQUIVALENTS

Cash and restricted cash equivalents of the Company are comprised of bank balances and a guaranteed investment certificate which can be readily converted into cash without significant restrictions, changes in value or penalties.

	December 31, 2021	December 31, 2020	December 31, 2019
Cash	\$ 579,508	\$ 7,608,149	\$ 3,017,704
Restricted cash equivalents	34,500	34,500	34,500
	614,008	7,642,649	3,052,204

Restricted Cash Equivalents

As at December 31, 2021, a guaranteed investment certificate of \$34,500 (2020 - \$34,500, 2019 - \$34,500) has been pledged as collateral for the Company's credit card.

10. RECEIVABLES

Trade receivables are non-interest-bearing and are generally on terms of 30 to 90 days.

	December 31,		
	2021	2020	2019
Input tax recoverable	\$ 79,036	\$ 73,804	\$ 20,741
Trade receivable	-	1,961	195,433
Subscriptions receivable	-	-	30,497
	\$ 79,036	\$ 75,765	\$ 246,671

During the year ended December 31, 2021, the Company recovered \$50,906 (2020 - \$Nil, 2019 - \$Nil) of receivables which were impaired in the prior year. The Company wrote-off \$Nil (2020 - \$470,278, 2019 - \$16,304) of receivables which are no longer expected to be recovered.

11. PREPAID EXPENSES

	December 31,		
	2021	2020	2019
General	\$ 15,467	\$ 26,759	\$ 44,613
Insurance	71,774	69,096	59,815
Environmental and taxes	6,850	6,850	6,850
Rent	9,840	12,012	24,489
	\$ 103,931	\$ 114,717	\$ 135,767

During the year ended December 31, 2021, the Company wrote-off \$Nil (2020 - \$121,125, 2019 - \$51,828) of prepaid expenses for which no future benefit is expected to be received.

12. MARKETABLE SECURITIES

Marketable securities consist of investments in common shares of public companies. The fair value of the listed marketable securities has been determined directly by reference to published price quotation in an active market.

On February 8, 2021, pursuant to an Asset Purchase Agreement with Victory Nickel Inc. ("**Victory Nickel**") dated January 21, 2021, the Company subscribed to 40,000,000 common shares of Victory Nickel ("**VN share**") at a price per VN share of \$0.025 for cash consideration of \$1,000,000 which resulted in the Company owning approximately 29% of Victory Nickel post-investment on a non-diluted basis.

The Company has determined it does not have significant influence over Victory Nickel and therefore accounts for the investment at Fair Value Through Profit or Loss.

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12. MARKETABLE SECURITIES (cont'd...)

During the year ended December 31, 2021, the Company disposed of 40,000,000 common shares of Victory Nickel for total proceeds of \$779,179. As at December 31, 2021, the Company holds Nil Victory Nickel shares.

The following table summarizes information regarding the Company's marketable securities:

Marketable securities	December 31,		
	2021	2020	2019
Balance, beginning of year	\$ -	\$ -	\$ -
Additions	1,000,000	-	-
Share sale	(779,179)	-	-
Loss on share sale	(220,821)	-	-
Balance, end of year	\$ -	\$ -	\$ -

13. RIGHT-OF-USE ASSET

During the first-time application of IFRS 16 to the Company's office lease, the recognition of a right of use asset was required and the leased asset was measured at the amount of the lease liability using the Company's current incremental borrowing rate of 10%. The lease contains no extension or termination options. The following table presents the right-of-use-asset as at December 31, 2019, December 31, 2020 and December 31, 2021:

Balance at December 31, 2019	\$	50,023
Depreciation		(31,593)
Balance at December 31, 2020	\$	18,430
Depreciation		(18,430)
Balance at December 31, 2021	\$	-

14. EQUIPMENT

On October 10, 2018, the Company signed a lease agreement (the "**Lease**") with an arms-length private Mongolian company (the "**Lessee**") whereby the Lessee plans to perform mining operations at the Company's Ulaan Ovoo coal mine and will pay the Company US\$2.00 (the "**Production Royalty**") for every tonne of coal shipped from the Ulaan Ovoo site premises. The Lessee paid the Company US\$100,000 in cash (recorded as other income on the consolidated statement of income (loss) and comprehensive income (loss)) as a non-refundable advance royalty payment and is preparing, at its own and sole expense, to restart and operate the Ulaan Ovoo mine with its own equipment, supplies, housing and crew.

The Lease is valid for 3 years with an annual advance royalty payment ("**ARP**") for the first year of US\$100,000 which was due and paid upon signing, and US\$150,000 and US\$200,000 due on the 1st and 2nd anniversary of the Lease, respectively. The ARP can be credited towards the US\$2.00 per tonne Production Royalty payments to be made to the Company as the Lessee starts to sell Ulaan Ovoo coal. The 3-year Lease will be extended upon mutual agreement and negotiations are in process as at the audit report date.

As at December 31, 2020, the first and second anniversary payments due had not been collected and the Company recorded a full provision in the amount of \$470,278 (US\$350,000) due to uncertainty of their collection. As at December 31, 2021, the Company had collected an additional \$81,321 (US \$64,504) and recorded a recovery of accounts receivable (Note 10).

The impaired value of \$Nil for deferred development costs at Ulaan Ovoo property at December 31, 2021 (2020, 2019 - \$Nil) remains unchanged.

The following table summarized information regarding the Company's equipment as at December 31, 2021, 2020, and 2019:

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14. EQUIPMENT

	Computer Equipment	Furniture & Equipment	Vehicles	Mining Equipment	Total
Cost					
Balance, December 31, 2018	\$ 103,254	\$ 278,845	\$ 172,692	\$ 24,476	\$ 579,267
Additions/(Disposals)	-	-	46,914	-	46,914
Balance, December 31, 2019	\$ 103,254	\$ 278,845	\$ 219,606	\$ 24,476	\$ 626,181
Accumulated depreciation					
Balance, December 31, 2018	\$ 98,011	\$ 233,424	\$ 143,179	\$ 3,491	\$ 478,105
Disposals	-	-	(39,178)	-	(39,178)
Depreciation for year	792	12,445	10,641	3,892	27,770
Balance, December 31, 2019	\$ 98,803	\$ 245,869	\$ 114,642	\$ 7,383	\$ 466,697
Carrying amount at December 31, 2019	\$ 4,451	\$ 32,976	\$ 104,964	\$ 17,093	\$ 159,484
Cost					
Balance, December 31, 2019	\$ 103,254	\$ 278,845	\$ 219,606	\$ 24,476	\$ 626,181
Additions	-	-	111,592	-	111,592
Disposals	(1,326)	-	(76,803)	-	(78,129)
Balance, December 31, 2020	\$ 101,928	\$ 278,845	\$ 254,395	\$ 24,476	\$ 659,644
Accumulated depreciation					
Balance, December 31, 2019	\$ 98,803	\$ 245,869	\$ 114,642	\$ 7,383	\$ 466,697
Disposals	-	-	(12,431)	-	(12,431)
Depreciation for year	2,003	6,243	40,161	3,171	51,578
Balance, December 31, 2020	\$ 100,806	\$ 252,112	\$ 142,372	\$ 10,554	\$ 505,844
Carrying amount at December 31, 2020	\$ 1,122	\$ 26,733	\$ 112,023	\$ 13,922	\$ 153,800
Cost					
Balance, December 31, 2020	\$ 101,928	\$ 278,845	\$ 254,395	\$ 24,476	\$ 659,644
Balance, December 31, 2021	\$ 101,928	\$ 278,845	\$ 254,395	\$ 24,476	\$ 659,644
Accumulated depreciation					
Balance, December 31, 2020	\$ 100,806	\$ 252,112	\$ 142,372	\$ 10,554	\$ 505,844
Depreciation for year	1,122	13,716	29,854	2,583	47,275
Balance, December 31, 2021	\$ 101,928	\$ 265,828	\$ 172,226	\$ 13,137	\$ 553,119
Carrying amount at December 31, 2021	\$ -	\$ 13,017	\$ 82,169	\$ 11,339	\$ 106,525
Cost transfer to held for sale	\$ -	\$ (2,012)	\$ (70,539)	\$ (24,476)	\$ (97,027)
Depreciation transfer to held for sale	-	1,078	17,322	13,137	31,537
Carrying amount transfer to held for sale, Note 7	\$ -	\$ (934)	\$ (53,217)	\$ (11,339)	\$ (65,490)
Carrying amount at December 31, 2021	\$ -	\$ 12,083	\$ 28,952	\$ -	\$ 41,035

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15. MINERAL PROPERTIES

	Pulacayo	Gibellini*	Sunawayo	Triunfo	Minago*	Total
Balance, December 31, 2018	\$ -	\$ 3,643,720	\$ -	\$ -	\$ -	\$ 3,643,720
Additions:						
Acquisition cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred exploration costs:						
Licenses, tax, and permits	6,239	286,158	-	-	-	292,397
Geological and consulting	964,716	3,200,773	-	-	-	4,165,489
Personnel, camp and general	503,071	1,470,007	-	-	-	1,973,078
	1,474,026	4,956,938	-	-	-	6,430,965
Impairment Recovery	13,708,200	-	-	-	-	13,708,200
Balance, December 31, 2019	\$ 15,182,226	\$ 8,600,658	\$ -	\$ -	\$ -	\$ 23,782,885
Additions:						
Acquisition cost	\$ -	\$ 2,253,566	\$ 396,936	\$ 135,676	\$ -	\$ 2,786,178
Deferred exploration costs:						
Licenses, tax, and permits	5,733	348,165	-	-	-	353,898
Geological and consulting	1,767,089	897,085	116,152	327,989	-	3,108,315
Personnel, camp and general	584,712	1,190,607	-	-	-	1,775,320
	2,357,534	2,435,857	116,152	327,989	-	5,237,531
Balance, December 31, 2020	\$ 17,539,760	\$ 13,290,081	\$ 513,088	\$ 463,665	\$ -	\$ 31,806,594
Additions:						
Acquisition cost	\$ -	\$ -	\$ -	\$ -	\$ 16,011,151	\$ 16,011,151
Deferred exploration costs:						
Licenses, tax, and permits	5,200	390,098	-	-	54,276	449,574
Geological and consulting	2,532,970	1,547,810	765,728	209,260	334,648	5,390,416
Personnel, camp and general	384,021	789,578	-	-	52,580	1,226,179
	2,922,191	2,727,486	765,728	209,260	441,504	7,066,169
Balance, December 31, 2021	20,461,952	16,017,567	1,278,816	672,925	16,452,655	54,883,914
Impairment	-	-	(1,278,816)	-	-	(1,278,816)
Transfer to held for sale, Note 7	-	(16,017,567)	-	-	(16,452,655)	(32,470,222)
Balance, December 31, 2021	\$ 20,461,951	\$ -	\$ -	\$ 672,925	\$ -	\$ 21,134,876

*Mineral properties held for sale.

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15. MINERAL PROPERTIES (cont'd...)

Pulacayo Project, Bolivia

The Company holds an interest in the Pulacayo Paca silver-lead-zinc project in Bolivia (the "**Pulacayo Project**").

The Pulacayo Project mining rights are recognized by two legally independent contractual arrangements, one covering all, except the Apuradita deposit, from a mining production contract (the "**Pulacayo MPC**") between the Company and the Corporación Minera de Bolivia ("**COMIBOL**"), a Bolivian state mining company, and the original holder of the rights, executed on October 3, 2019. The Pulacayo MPC grants the Company the 100% exclusive right to develop and mine at the Pulacayo and Paca concessions for up to 30 years against certain royalty payments. In connection with the Apuradita deposit, its rights are covered by a second contractual arrangement, with the Bolivian Jurisdictional Mining Authority, acting for the Government of Bolivia, which is in process of formalization, as a mean of recognition of the acquired rights to what was originally the mining concession. Until such time as the contract is formalized, all mining rights, as recognized in the Bolivian Mining Law 535, can be exercised by the holder of the ex-concession.

Pursuant to the Pulacayo MPC, ASC Bolivia LDC Sucursal Bolivia ("**ASC**"), a subsidiary of the Company, has committed to pay monthly rent of US\$1,000 to COMIBOL and US\$1,500 monthly rent to the Pulacayo Ltda. Mining Cooperative until the Pulacayo Project starts commercial production.

During the year ended December 31, 2019, the Company assessed whether there was any indication that the previously recognized impairment loss in connection with the Pulacayo Paca property may no longer exist or may have decreased. The Company noted the following indications that the impairment may no longer exist:

- the Company signed a mining production contract granting the Company the 100% exclusive right to develop and mine at the Pulacayo Paca property;
- the Company renewed its exploration focus to develop the Pulacayo Paca property in the current year;
- the Company re-initiated active exploration and drilling program on the property;
- the Company completed a positive final settlement of Bolivian tax dispute.

As the Company identified indications that the impairment may no longer exist, the Company completed an assessment to determine the recoverable amount of the Pulacayo Paca property. In order to estimate the fair-value of the property the Company engaged a third-party valuation consultant and also utilized level 3 inputs on the fair value hierarchy to estimate the recoverable amount based on the property's fair value less costs of disposal determined with reference to dollars per unit of metal in-situ. With reference to metal in-situ, the Company applied US\$0.79 per ounce of silver resource to its 36.8 million ounces of silver resources and US\$0.0136 per pound of zinc or lead in resource to its 303 million pounds of zinc and lead.

The Company also considered data derived from properties similar to the Pulacayo Paca Property. The data consisted of property transactions and market valuations of companies holding comparable properties, adjusted to reflect the possible impact of factors such as location, political jurisdiction, commodity, geology, mineralization, stage of exploration, resources, infrastructure and property size.

As the recoverable amount estimated with respect to the above was \$31.4 million an impairment recovery of \$13,708,200 was recorded during the year ended December 31, 2019.

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15. MINERAL PROPERTIES (cont'd...)

Gibellini Project, Nevada, United States

The Gibellini Project consists of a total of 587 unpatented lode mining claims that includes: the Gibellini group of 40 claims, the VC Exploration group of 105 claims, the Bisoni group of 201 claims and the Company group of 241 claims. All the claims are located in Eureka County, Nevada, USA.

Gibellini Group

The Gibellini group of claims were acquired on June 22, 2017, through leasehold assignments from the claimant and then-holder of the Gibellini mineral claims (the "**Gibellini Lessor**"). Under the Gibellini mineral lease agreement (the "**Gibellini MLA**"), the Company leased this core group of claims, which originally constituted the entire Gibellini Project, by, among other things, agreeing to pay to the Gibellini Lessor annual advance royalty payments. These payments are tied, based on an agreed formula not to exceed US\$120,000 per year, to the average vanadium pentoxide price of the prior year (each an "**Advance Royalty Payment**"). Upon commencement of production, the obligation to make Advance Royalty Payments will cease and the Company will instead maintain its acquisition through lease of the Gibellini group of claims by paying to the Gibellini Lessor, a 2.5% net smelter return royalty (the "**Gibellini NSR Payments**") until a total of US\$3 million is paid. Thereafter, the Gibellini NSR will be reduced to 2% over the remaining life of the mine (and referred to thereafter, as "**Production Royalty Payments**"). Upon commencement of production, any Advance Royalty Payments that have been made will be deducted as credits against the Gibellini NSR Payments or Production Royalty Payments, as applicable. The lease is for a term of 10 years, expiring on June 22, 2027, which can be extended for an additional 10 years, at the Company's option.

On April 19, 2018, the Gibellini MLA was amended to grant the Company the option, at any time during the term of the Gibellini MLA, which ends on June 22, 2027, to require the Gibellini Lessor to transfer their title over all of the leased mining claims (excluding four claims which will be retained by the Gibellini Lessor) (the "**Transferred Claims**") to the Company in exchange for US\$1,000,000, which will be deemed an Advance Royalty Payment (the "**Transfer Payment**"). A credit of US\$99,027 in favour of the Company towards the Transfer Payment was paid upon the execution of the amendment, with a remaining balance of US\$900,973 on the Transfer Payment due and payable by the Company to the Gibellini Lessor upon completion of transfer of the Transferred Claims from the Gibellini Lessor to the Company. The Advance Royalty Payment obligation and Production Royalty Payments will not be affected, reduced or relieved by the transfer of title.

On June 22, 2021, the Company paid US\$50,000 (2020 – US\$50,000, 2019 – US\$120,000) of the Advance Royalty Payment to the Gibellini Lessor.

During the year ended December 31, 2020, the Company expanded the land position at the Gibellini Project, by staking a total of 46 new claims immediately adjacent to the Gibellini Project.

The Bisoni Group

On September 18, 2020, the Company completed the acquisition of the Bisoni vanadium property situated immediately southwest of the Gibellini Project pursuant to an asset purchase agreement (the "**Bisoni APA**") dated August 18, 2020, with Cellcube Energy Storage Systems Inc. ("**Cellcube**"). The Bisoni property comprised of 201 lode mining claims. As consideration for the acquisition of the Bisoni property under the Bisoni APA, the Company issued 4 million Common Shares (the "**Bisoni APA Shares**") and paid \$200,000 cash to Cellcube. Additionally, subject to TSX approval, if, on or before December 31, 2023, the price of European vanadium pentoxide on the Metal Bulletin (or an equivalent publication) exceeds US\$12 a pound for 30 consecutive days, the Company will issue to Cellcube additional Common Shares with a value of \$500,000 calculated based upon the 5-day volume weighted average price of the Common Shares immediately following the satisfaction of the vanadium pentoxide pricing condition.

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15. MINERAL PROPERTIES (cont'd...)

Gibellini Project, Nevada, United States (cont'd...)

VC Exploration Group

The Company entered into a lease agreement to acquire 10 unpatented lode claims totaling approximately 207 gross acres (the "**Former Louie Hill Claims**") from their holders (the "**Former Louie Hill Lessors**") on July 10, 2017 (the "**Louie Hill MLA**"). The Former Louie Hill Claims were located approximately 1600 feet south of the Gibellini group of claims. The Former Louie Hill Claims were subsequently abandoned by the Former Louie Hill Lessors, and on March 11 and 12, 2018, the Company staked the area within and under 17 new claims totaling approximately 340 gross acres, which now collectively comprise the expanded Louie Hill group of claims (the "**Current Louie Hill Claims**").

On October 22, 2018, the Company entered into a royalty agreement (the "**Royalty Agreement**") with the Former Louie Hill Lessors that replaced, on substantially similar terms, the Louie Hill MLA. The Royalty Agreement provides for the Company to pay the following royalties to the Former Louie Hill Lessors as an advance royalty: (i) US\$75,000 upon the Company achieving Commercial Production (as defined in the Royalty Agreement) at the Gibellini Project; (ii) US\$50,000 upon the Company selling, conveying, transferring or assigning all or any portion of certain claims defined in the Royalty Agreement to any third party and (iii) annually upon the anniversary date of July 10, 2018, and the anniversary date of each year thereafter during the term of the Royalty Agreement: (a) if the average vanadium pentoxide price per pound as quoted on www.metalbulletin.com (the "**Metal Bulletin**") or another reliable and reputable industry source as agreed by the parties, remains below US\$7.00/lb during the preceding 12 months, US\$12,500; or (b) if the average vanadium pentoxide price per pound as quoted on Metal Bulletin or another reliable and reputable industry source as agreed by the parties, remains equal to or above US\$7.00/lb during the preceding 12 months, US\$2,000 x average vanadium pentoxide price per pound up to a maximum annual advance royalty payment of US\$28,000.

Further, the Company will pay to the Former Louie Hill Lessors a 2.5% net smelter return royalty (the "**Louie Hill NSR**") payable on vanadium pentoxide produced from the area of the Former Louie Hill Claims contained within the Current Louie Hill Claims. The Company may purchase three-fifths of the Louie Hill NSR at any time for US\$1,000,000, leaving the total Louie Hill NSR payable by the Company at 1.0% for the remaining life of the mine. Any Louie Hill Advance Royalty Payments that have been made at the time of Commercial Production will be deducted as credits against future payments under the Louie Hill NSR. The payments under the Royalty Agreement will continue for an indefinite period and will be payable as long as the Company, its subsidiaries, or any of their permitted successors or assigns holds a valid and enforceable mining concession over the area.

On July 7, 2021, the Company paid US\$12,500 (2020 – US\$12,500, 2019 - \$28,000) comprising the Louie Hill Advance Royalty Payment to the Former Louie Hill Lessors.

The Company Group

During 2017 and 2018, the Company expanded the land position at the Gibellini Project, by staking a total of 209 new claims immediately adjacent to the Gibellini Project covering 4091 acres.

During the year ended December 31, 2021, the Company entered into the Arrangement agreement with Nevada Vanadium Mining Corp. and transferred the property to held for sale (Note 7).

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15. MINERAL PROPERTIES (cont'd...)

Sunawayo Project, Bolivia

On September 7, 2020, the Company announced that it had entered into a binding sales and purchase agreement (the “**Sunawayo SPA**”) with a private party (the “**Sunawayo Vendor**”) to acquire the Sunawayo silver-lead mining project (the “**Sunawayo Project**”). Subject to the provisions of the Sunawayo SPA, the Sunawayo Vendor agreed to irrevocably transfer the mining rights of the Sunawayo Project to the Company for consideration of US\$6,500,000, which payment consists of US\$300,000 paid on execution of the Sunawayo SPA, with the remaining US\$6,200,000 to be paid in cash over a one-year period in twelve equal monthly installments, starting March 1, 2021

During the year ended December 31, 2021, the Company suspended the Sunawayo property installment payments pending verification of the status of Sunawayo title and environmental permit (held by the Sunawayo Vendor) with authorities. The Company has notified the Sunawayo Vendor of their breach of certain disclosure representations in the Sunawayo SPA. To date, the Company has made one payment totaling US\$300,000 and has no further contractual obligations unless it wishes to pursue the SPA further to acquire Sunawayo. As such, the Company has determined there is an indicator of potential impairment of the carrying value of the Sunawayo property as the option agreement is no longer in good standing. As a result, in accordance with *IFRS 6, Exploration for and Evaluation of Mineral Resources* and *IAS 36, Impairment of Assets*, at December 31, 2021, the Company assessed the recoverable amount of the Sunawayo property exploration costs and determined that its value in use is \$nil. As at December 31, 2021, the recoverable amount of \$nil resulted in an impairment charge of \$1,278,817 against the value of the deferred exploration costs, which was reflected on the consolidated statement of income (loss) and comprehensive income (loss).

Triunfo Project, Bolivia

On July 13, 2020, the Company announced that it had entered into an agreement (the “**Triunfo Agreement**”) with a private party (the “**Triunfo Vendor**”) for the right to conduct mining exploration activities (the “**Exploration Right**”) within the El Triunfo gold-silver-lead-zinc project in La Paz District, Bolivia (the “**Triunfo Project**”) and the right, at the Company’s election, to purchase the Triunfo Project for US\$1,000,000 (the “**Purchase Right**”) and together with the Exploration Right, the “**Triunfo Rights**”). The Purchase Right can be exercised at any time after the Triunfo Vendor completes the required Bolivian administrative procedures for the Triunfo Project until July 13, 2025 or such further period as the parties may agree. To secure the Triunfo Rights, the Company paid the Triunfo Vendor US\$100,000 upon execution of the Triunfo Agreement. Until the Company exercises its Purchase Right, beginning in 2021 the Company must pay the Triunfo Vendor US\$50,000 on June 15 of each year to maintain the Triunfo Rights. The Company may elect to terminate the Triunfo Agreement at any time. If the Company exercises the Purchase Right, the Triunfo Vendor will maintain up to a 5% interest of the profits, net of taxes and royalties, derived from the sale of concentrate produced from the Triunfo Project (the “**Residual Interest**”).

On June 15, 2021, the Company paid US\$50,000 to maintain their Purchase Right to the Triunfo Vendor.

If the Company exercises the Purchase Right, the Company may reduce some or all of the Residual Interest at any time by making a lump sum payment to the Triunfo Vendor at any time to reduce some or all of the Residual Interest as follows:

- the Residual Interest may be extinguished for US\$300,000;
- the Residual Interest may be reduced by 4% for US\$250,000;
- the Residual Interest may be reduced by 3% for US\$200,000;
- the Residual Interest may be reduced by 2% for US\$150,000; or
- the Residual Interest may be reduced by 1% for US\$100,000.

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15. MINERAL PROPERTIES (cont'd...)***Minago Project, Canada***

On February 10, 2021, the Company acquired the Minago Nickel Project located in Manitoba, Canada (the “Minago Project”) (the “Minago Acquisition”) by way of an Asset Purchase Agreement (the “**APA**”) with Victory Nickel Inc. (“Victory Nickel”).

Immediately prior to acquiring the Minago Project, the Company acquired a Secured Debt Facility (the “**SDF**”) owed by Victory Nickel to an arms-length third party for \$8,505,749 (US\$6,675,000) in cash and 300,000 of the Company’s common share purchase warrants (the “**Warrants**”) valued at \$886,545 from an arms-length party pursuant to a Debt Purchase and Assignment Agreement (the “**DPAA**”) executed on January 15, 2021. The Warrants were each exercisable until February 8, 2023 at an exercise price of \$4.76 (Note 20). The SDF has been restructured to bear zero percent interest and to expire on February 8, 2026, and will automatically be extended in 5-year increments. The Company will credit the remaining balance under the SDF to Victory Nickel’s benefit, upon completion of an independent economic study proving positive net present value in respect of the Minago Project during the term of the SDF. The SDF of US \$6,675,000 has not been recognized as a receivable as this has been treated as a contingent asset as the timing of the receipt of these funds is not virtually certain. The Company will only recognize the asset when receipt is virtually certain. The Company agreed to reimburse up to \$200,000 of financial advisory services rendered by Red Cloud Securities Inc. (“Red Cloud”).

Under the terms of the APA, the Company acquired the Minago Project for aggregate consideration of \$16,011,151 (US\$11,675,000), which consisted of a \$8,505,749 (US\$6,675,000) (“**Property Payment**”) credit against the SDF owed by Victory Nickel to the Company at closing, \$886,545 of warrants issued with respect to the SDF, \$6,231,673 (US\$5,000,000) in the Company common shares (“**Consideration Shares**”) to be issued over a one-year period (issued), \$200,000 in cash paid to Red Cloud and \$187,200 in cash transaction costs.

Additionally, the Company agreed to issue to Victory Nickel \$2,000,000 in Common Shares, upon the price of nickel exceeding US\$10 per pound for 30 consecutive business days, at any time before December 31, 2023 – see events after the reporting date (Note 29). The Company granted Victory Nickel the right of first refusal exercisable until December 31, 2023, with respect to the exploration of the sandstone (non-nickel bearing sulphides) resources for frac sand extraction at the Minago Project.

During the year ended December 31, 2021, the Company entered into the Arrangement agreement with Flying Nickel Mining Corp. and transferred the property to held for sale (Note 7).

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company consist of amounts outstanding for trade and other purchases relating to development and exploration, along with administrative activities. The usual credit period taken for trade purchases is between 30 to 90 days.

	December 31,					
	2021		2020			
Trade accounts payable	\$	2,502,139	\$	1,717,977	\$	2,420,392
Accrued liabilities		-		41,186		-
	\$	2,502,139	\$	1,759,163	\$	2,420,392

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17. LEASE LIABILITY

The lease liability during the year ended December 31, 2021. As at December 31, 2021, the Company recorded \$Nil of lease liability. The incremental borrowing rate for lease liability initially recognized as of January 1, 2019 was 10%.

Balance at December 31, 2019	\$	52,818
Cash flows:		
Lease payments for year		(37,162)
Non-cash changes:		
Accretion expenses for year		4,877
Balance at December 31, 2020		20,533
Cash flows:		
Lease payments for year		(22,939)
Non-cash changes:		
Accretion expenses for year		2,406
Balance at December 31, 2021		-

There were no significant payments made for short-term or low value leases in the year ended December 31, 2021 (2020 - \$Nil, 2019 - \$nil).

18. PROVISION FOR CLOSURE AND RECLAMATION

The Company's closure and reclamation costs consists of costs accrued based on the current best estimate of mine closure and reclamation activities that will be required at the Ulaan Ovoo site upon completion of mining activity. These activities include costs for earthworks, including land re-contouring and re-vegetation, water treatment and demolition. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third-party specialist.

It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

Management used a risk-free interest rate of 1.68% (2020 – 1.14%, 2019 – 1.72%) and a risk premium of 8.55% (2020 – 8.66%, 2019 – 7%) in preparing the Company's provision for closure and reclamation. Although the ultimate amount of reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is \$14,294,000 (2020 - \$4,951,000, 2019 - \$444,000) over the next 20 years. The cash expenditures are expected to occur over a period of time extending several years after the projected mine closure of the mineral properties.

	December 31, 2021	December 31 2020	December 31, 2019
Balance, beginning of year	\$695,257	\$266,790	\$265,239
Change in estimate	1,274,339	405,196	-
Accretion	68,135	23,271	1,551
Balance, end of year	\$2,037,731	\$695,257	\$266,790

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19. TAX PROVISION

The Company's operations are, in part, subject to foreign tax laws where interpretations, regulations and legislation are complex and continually changing. As a result, there are usually some tax matters in question that may, upon resolution in the future, result in adjustments to the amount of deferred income tax assets and liabilities, and those adjustments may be material to the Company's financial position and results of operations.

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

	2021	2020	2019
Income (loss) for the year	\$ (6,829,714)	\$ (4,626,887)	17,513,854
Expected income tax (recovery)	\$ (1,844,000)	\$ (1,249,000)	4,729,000
Change in statutory, foreign tax, foreign exchange rates and other	39,000	117,000	(529,000)
Permanent differences	134,000	269,000	(4,861,000)
Impact of flow through shares	22,000	-	-
Share issue cost	(43,000)	(250,000)	(103,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(27,000)	404,000	1,205,000
Change in unrecognized deductible temporary differences	1,719,000	709,000	(441,000)
Total income tax expense (recovery)	\$ -	\$ -	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

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:

	2021	Expiry Date Range	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	\$ 211,000	No expiry date	\$ 6,284,000	No expiry date	\$ 6,135,000	No expiry date
Investment tax credit	23,000	2029	23,000	2029	23,000	2029
Property and equipment	517,000	No expiry date	1,547,000	No expiry date	1,242,000	No expiry date
Share issue costs	946,000	2042 to 2045	1,212,000	2041 to 2044	747,000	2040 to 2043
Assets held for sale	5,060,000	No expiry date	-	-	-	-
Asset retirement obligation	2,038,000	No expiry date	695,000	No expiry date	267,000	No expiry date
Allowable capital losses	4,260,000	No expiry date	4,150,000	No expiry date	5,864,000	No expiry date
Non-capital losses available for future periods	38,269,000	2023 onwards	30,569,000	2023 to 2040	27,024,000	2023 to 2039
Bolivia	717,000	2024	-	-	-	-
Canada	36,349,000	2029 to 2041	30,015,000	2029 to 2040	26,980,000	2029 to 2039
Mongolia	1,178,000	2023 to 2029	554,000	2023 to 2028	44,000	2023 to 2027
US	25,000	No expiry date	-	-	-	-

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20. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of Common Shares. At December 31, 2021, the Company had 24,124,955 (2020 – 18,051,883, 2019 – 12,129,951) Common Shares issued and outstanding.

Subsequent to December 31, 2021, on January 14, 2022, the Company's share capital was consolidated on the basis of one (1) new share for each ten (10) old shares. All common share, warrant, option and per share amounts have been retroactively adjusted.

(b) Equity issuances

During the year ended December 31, 2021

On February 5, 2021, the Company closed its non-brokered private placement (the "**February 2021 Placement**") through the issuance of 1,000,000 Common Shares at a price of \$3.75 per Common Share. The February 2021 Placement raised gross cash proceeds of \$3,750,000. The Company paid \$73,875 in cash as finder's fees.

On February 10, 2021, under the terms of the APA the Company acquired the Minago Project for aggregate consideration of US\$11,675,000, which consisted of a US\$6,675,000 ("**Property Payment**") credit against certain secured debt owed by Victory Nickel to the Company at closing (Note 15) and US\$5,000,000 in the Company's common shares ("**Consideration Shares**") to be issued over a one-year period. In satisfaction of the Consideration Shares to be issued, an initial tranche of 536,363 Consideration Shares at a value of \$2,413,634 was issued on February 9, 2021. A further 1,008,150 Shares and 460,718 Shares tranches were issued on August 31st, 2021 and December 30, 2021 respectively with a total value of \$3,818,003 to Victory Nickel.

On November 15, 2021, the Company closed its non-brokered private placement (the "**November 2021 Placement**") offering of 1,700,000 Shares at a price per Common Share of \$ 2.20 for aggregate gross proceeds of \$3,740,000. In connection with the November 2021 Placement, the Company paid \$84,492 in cash and issued 35,405 Common Share purchase warrants ("**Finder's Warrants**") to certain finders as finder's fees. Each Finder's Warrant is exercisable to acquire one Share at a price of \$2.60 until September 22, 2022 (21,305 Finder's Warrants) and October 21, 2022 (14,100 Finder's Warrants).

The fair value of \$42,651 of the Finder's Warrants determined using the Black Scholes option pricing model using the following assumptions: (1) a risk-free interest rate of 2%; (2) expected life of one year; (3) expected volatility of 107%; and (4) dividend yield of nil. The Company has recorded the fair value of the finder's units as share issuance costs.

During the year ended December 31, 2021, 1,268,341 Common Share purchase warrants were exercised for total proceeds of \$2,601,997 and settlement of outstanding payables for services of \$660,000 (Note 25).

During the year ended December 31, 2021, 99,500 stock options were exercised for total proceeds of \$206,824.

During the year ended December 31, 2020

On May 1, 2020, and on May 20, 2020, the Company closed two tranches of a non-brokered private placement (the "**May 2020 Private Placement**") for aggregate gross proceeds of \$1,930,500 and share compensation for services of \$45,500 through the issuance of 1,520,000 units of the Company (each, a "**Unit**") at a price of \$1.30 per Unit. Each Unit is comprised of one Common Share and one Common Share purchase warrant (each, a "**Warrant**"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$1.60 for a period of three years from the date of issuance. The Company paid \$3,250 in cash and issued 15,690 Units as finder's fees in connection with the May 2020 Private Placement. The Units issued as a finder's fee have been valued at \$24,000 based on the offering price of the Units under the May 2020 Private Placement. The Company has recorded the fair value of the finder's units as share issuance costs.

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20. SHARE CAPITAL (cont'd...)

(b) Equity issuances (cont'd...)

The Company issued 160,100 Common Shares with a value of \$640,400 as a bonus payment to certain directors, officers, employees, and consultants of the Company.

On September 18, 2020, the Company issued 400,000 Common Shares at a value of \$5 per Common Share in relation with purchase of Bisoni Project in Nevada, USA.

On November 24, 2020, the Company closed its bought deal short form prospectus offering pursuant to which the Company has issued 2,300,000 Common Shares at a price of \$4 per Common Share for aggregate gross proceeds of \$9,200,000 (the "**Offering**"). Pursuant to the terms and conditions of the Underwriting Agreement, the Company paid a cash commission to the Underwriters of \$534,000, additional fees of \$391,544 and issued 133,500 Share purchase warrants as a finder's fee in relation with the Offering. The fair value of \$226,917 of the issued warrants determined using the Black-Scholes option pricing model using the following assumptions: (1) a risk-free interest rate of 0.2%; (2) expected life of one year; (3) expected volatility of 107%, and (4) dividend yield of nil. The Company has recorded the fair value of the finder's units as share issuance costs.

During the year ended December 31, 2020, the Company issued 123,375 Common Shares on the exercise of stock options for total proceeds of \$299,812.

During the year ended December 31, 2020, the Company issued 1,402,767 Common Shares on the exercise of warrants for aggregate gross proceeds of \$3,072,194 and share compensation for services of \$35,000.

During the year ended December 31, 2019

On September 6, 2019, the Company closed its non-brokered private placement for \$2,600,000 through the issuance of 1,300,000 Common Shares at a price of \$2 per Common Share. The Company paid \$15,209 and issued 52,500 Common Shares as a finder's fee valued at \$105,000. \$175,000 of the private placement was for prepaid consulting fees for the Company's executive chairman, of which \$35,000 is included in prepaid expenses as at December 31, 2019 and \$41,503 for services. Included in accounts receivable as at December 31, 2019 is \$30,497 of subscriptions receivable.

On October 18, 2019, the Company closed its non-brokered private placement for gross proceeds of \$3,900,000 through the issuance of 975,000 Common Shares at a price of \$4 per Common Share. Also, the Company issued 65,450 Common Shares as a finder's fee valued at \$261,800.

On October 9, 2019, the Company issued 10,495 Common Shares with a value of \$43,030, to its directors to settle director fees debts owing to them.

The Company issued 62,250 and 65,143 Common Shares on the exercise of stock options and warrants respectively for total proceeds of \$424,822.

The Company issued 50,000 sign-on bonus Common Shares with a fair value of \$2.30 per Common Share to an officer valued at \$115,000.

On September 26, 2019, the Company issued 17,500 Common Shares valued at \$59,500 for consulting services.

(c) Share-based compensation plan

The Company has a 10% rolling equity-based compensation plan in place, as approved by the Company's shareholders on September 10, 2021 (the "**2021 Plan**"). Under the 2021 Plan the Company may grant stock options, bonus shares or stock appreciation rights. All stock options and other share-based awards granted by the Company, or to be granted by the Company, since the implementation of the 2021 Plan will be issued under, and governed by, the terms and conditions of the 2021 Plan. The stock option vesting terms are determined by the Board of Directors on the date of grant with a maximum term of 10 years.

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20. SHARE CAPITAL (cont'd...)**(c) Share-based compensation plan (cont'd...)**

During the year ended December 31, 2021, the Company granted 680,000 incentive stock options to its directors, officers, employees and consultants. The options are exercisable at an exercise prices ranging from \$2.60 to \$3.70 per Common Share and expiry dates ranging from May 24, 2026 to September 22, 2026 and vest at 12.5% per quarter for the first two years following the date of grant.

During the year ended December 31, 2020, the Company granted 382,000 incentive stock options to its directors, officers, employees and consultants. The options are exercisable at an exercise prices ranging from \$2.20 to \$5.00 per Common Share and expiry dates ranging from January 6, 2025 to August 17, 2025 and vest at 12.5% per quarter for the first two years following the date of grant.

During the year ended December 31, 2019, the Company granted 396,500 incentive stock options to its directors, officers, employees and consultants. The options are exercisable at an exercise prices ranging from \$2.20 to \$4.40 per Common Share and expiry dates ranging from April 1, 2024 to November 15, 2024 and vest at 12.5% per quarter for the first two years following the date of grant.

The following is a summary of the changes in the Company's stock options from December 31, 2019 to December 31, 2021:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	959,100	\$3.40
Granted	396,500	\$3.10
Expired	(31,500)	\$6.50
Cancelled	(224,700)	\$3.20
Forfeited	(79,400)	\$5.40
Exercised	(62,250)	\$2.80
Outstanding, December 31, 2019	957,750	\$3.10
Granted	382,000	\$2.80
Expired	(9,000)	\$5.00
Cancelled	(180,125)	\$3.00
Exercised	(123,375)	\$2.40
Outstanding, December 31, 2020	1,027,250	\$3.10
Granted	680,000	\$2.60
Expired	(5,000)	\$2.00
Cancelled	(25,000)	\$2.60
Exercised	(99,500)	\$2.10
Outstanding, December 31, 2021	1,577,750	\$3.00

As of December 31, 2021, the following the Company stock options were outstanding:

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20. SHARE CAPITAL (cont'd...)**(c) Share-based compensation plan (cont'd...)**

Exercise Price	Expiry Date	Options Outstanding	Exercisable	Unvested
		December 31, 2021		
\$2.60	September 22, 2026	650,000	81,250	568,750
\$3.70	May 24, 2026	30,000	7,500	22,500
\$5.00	August 17, 2025	72,000	45,000	27,000
\$2.20	May 4, 2025	203,125	152,344	50,781
\$4.40	November 1, 2024	110,000	110,000	-
\$2.00	July 29, 2024	144,875	144,875	-
\$3.30	October 17, 2023	61,000	61,000	-
\$2.80	April 6, 2023	59,750	59,750	-
\$3.10	February 20, 2023	20,000	20,000	-
\$3.50	September 1, 2022	86,000	86,000	-
\$3.30	June 12, 2022	79,000	79,000	-
\$4.90	January 12, 2022	62,000	62,000	-
		1,577,750	908,719	669,031

Share-based payment expenses resulting from stock options are amortized over the corresponding vesting periods. During the years ended December 31, 2021, 2020 and 2019, the share-based payment expenses were calculated using the following weighted average assumptions:

	Year ended December 31		
	2021	2020	2019
Risk-free interest rate	1.46%	1.46%	1.54%
Expected life of options in years	4.54	4.06	4.5
Expected volatility	105.91%	132.74%	132.75%
Expected dividend yield	Nil	Nil	Nil
Expected forfeiture rate	12%	12%	12%
Weighted average fair value of options granted during the period	\$ 2.01	\$ 3.00	\$ 3.10

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares. The expected forfeiture rate is based on the historical forfeitures of options issued.

Share-based payments charged to operations and assets were allocated between deferred mineral properties, and general and administrative expenses. Share-based payments are allocated between being either capitalized to deferred exploration costs where related to mineral properties or expensed as general and administrative expenses where otherwise related to the general operations of the Company.

For the year ended December 31, 2021, 2020, and 2019, share-based payments were recorded as follows:

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20. SHARE CAPITAL (cont'd...)**(c) Share-based compensation plan (cont'd...)**

	2021	2020	2019
Consolidated Statement of Operations			
Share based payments	583,801	770,617	707,802
	\$ 583,801	\$ 770,617	\$ 707,802
Consolidated Statement of Financial Position			
Gibellini exploration	89,452	124,855	79,888
Pulacayo exploration	70,059	86,772	39,139
	159,511	211,627	119,027
Total share-based payments	\$ 743,312	\$ 982,244	\$ 826,829

On July 29, 2019, further to the voluntary forfeiture of share options held by certain directors, officers, and employees with expiry dates on April 7, 2020, June 22, 2020, and November 14, 2023, at exercise prices ranging from \$5 to \$6.50, the Company granted 127,500 new stock options to such individuals with an expiry date of July 29, 2024 at an exercise price of \$2 per Common Share subject to a two-year vesting schedule whereby 12.5% vest per quarter following the date of grant. During the year ended December 31, 2020, the re-issuing of these options was approved by the TSX and by the shareholders. There was no increase to the incremental fair value of the share options as a result of these modifications. The impact of these modifications was calculated using the following weighted average assumptions: (1) a risk-free interest rate of 1.46%; (2) expected life of five years; (3) expected volatility of 133.89%, (4) forfeiture rate of 12%, and (5) dividend yield of nil.

(d) Share purchase warrants

The following is a summary of the changes in The Company's share purchase warrants from December 31, 2019 to December 31, 2021:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2018	2,731,803	\$4.40
Exercised	(65,143)	\$3.80
Outstanding, December 31, 2019	2,666,660	\$4.40
Issued	1,669,190	\$1.80
Expired	(275,976)	\$5.10
Exercised	(1,402,767)	\$2.20
Outstanding, December 31, 2020	2,657,107	\$2.30
Issued	335,405	\$4.54
Expired	(254,691)	\$3.33
Exercised	(1,268,341)	\$2.57
Outstanding, December 31, 2021	1,469,480	\$2.39

On February 8, 2021, the Company issued 300,000 Share purchase warrants as a part of consideration for mining claims acquisition (Note 15). The fair value of \$886,544 of the issued warrants determined using the Black-Scholes option pricing model using the following assumptions: (1) a risk-free interest rate of 0.2%; (2) expected life of two years; (3) expected volatility of 137%, and (4) dividend yield of nil.

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20. SHARE CAPITAL (cont'd...)

(d) Share purchase warrants (cont'd...)

As of December 31, 2021, the following share purchase warrants were outstanding:

Exercise Price	Expiry Date	Number of Warrants at December 31, 2021
\$4.76	February 8, 2023	300,000
\$1.60	May 20, 2023	496,200
\$1.60	May 1, 2023	463,800
\$2.60	October 21, 2022	14,100
\$2.60	September 22, 2022	21,305
\$2.60	June 13, 2022	52,159
\$2.60	April 12, 2022	100,250
\$2.60	January 13, 2022	21,666
		1,469,480

21. NON-CONTROLLING INTEREST

As at December 31, 2021, the equity attributable to the 99.99% non-controlling interest in Flying Nickel, whose principal place of business is British Columbia, is \$1,499,851 (2020 - \$Nil, 2019 - \$Nil).

On November 30, 2021, pursuant to the Company's Plan of Arrangement (Note 7), Flying Nickel, completed its offering ("**Flying Nickel Offering**") for gross proceeds of \$8,600,000.

Pursuant to the Flying Nickel Offering, Flying Nickel sold 10,094,033 subscription receipts (each, a "**Non-FT Subscription Receipt**") at a price of \$0.70 per Non-FT Subscription Receipt and 1,992,437 flow-through eligible subscription receipts (each, a "**FT Subscription Receipt**", and collectively with the Non-FT Subscription Receipts, the "**Offered Securities**") at a price of \$0.77 per FT Subscription Receipt.

Upon the satisfaction of certain escrow release conditions (the "**Escrow Release Conditions**"), the Offered Securities shall be deemed to be exercised, without payment of any additional consideration and without further action on the part of the holder thereof, for the following:

- each Non-FT Subscription Receipt shall be automatically converted into one unit of Flying Nickel (each, a "**Unit**"); and
- each FT Subscription Receipt shall be automatically converted into one common share of Flying Nickel to be issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada) (each, a "**FT Share**").

Each Unit will consist of one common share of Flying Nickel (each a "**Unit Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each whole Warrant shall entitle the holder to purchase one common share of Flying Nickel (each, a "**Warrant Share**") at a price of \$1.00 at any time on or before November 29, 2023.

Pursuant to the terms and conditions of the Agency Agreement, Flying Nickel incurred a cash commission to the Agents of \$610,019, and will issue 803,684 Share purchase warrants as an agents' fee in relation with the Offering. The fair value of \$252,680 of the issued warrants was determined using the Black-Scholes option pricing model using the following assumptions: (1) a risk-free interest rate of 0.96%; (2) expected life of two years; (3) expected volatility of 83%, and (4) dividend yield of nil.

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21. NON-CONTROLLING INTEREST (cont'd...)

On December 31, 2021, \$1,534,176 gross proceeds were released from escrow upon converting an aggregate 1,992,437 FT Subscription Receipts into 1,992,437 FT Shares at a price of \$0.77 per share. Flying Nickel incurred agents' fees of \$109,948 in connection with the FT Shares. Flying Nickel used the residual value method to calculate the fair value of the tax deduction attached with the FT Shares and recorded a flow-through liability of \$139,471. As at December 31, 2021, Flying Nickel had not incurred any expenditures towards the flow-through liability included in assets held for sale at year-end (Note 7).

\$37,586 of Flying Nickel warrants were issued in relation to the FT Shares and recorded as share issuance costs.

The remaining warrants issuable of \$215,094 were recorded as equity attributable to non-controlling interest and added to deferred transaction costs to be included in the spin-out. The remaining gross subscription receipts of \$7,065,823, net of cash deferred transaction costs of \$500,071 are also included in assets held for sale (Note 7).

The following table presents changes in equity related attributable to the 99.99% non-controlling interest in Flying Nickel:

	Non-controlling interest	
Balance, December 31, 2019	\$	-
Balance, December 31, 2020	\$	-
Flying Nickel FT shares and warrants, net of share issuance cost		1,284,757
Flying Nickel warrants issuable	\$	215,094
Balance, December 31, 2021		1,499,851

As at December 31, 2021, 2020 and 2019, and for the years ended December 31, 2021, 2020 and 2019, summarised financial information about Flying Nickel is as follows:

			December 31,	
			2019	
	2021	2020		
Current assets	\$ 7,914,319	\$ -	\$ -	-
Current liabilities	6,774,512	-	-	-
Net loss	\$ 360,044	\$ -	\$ -	-

The loss allocated to non-controlling interest based on an ownership interest of 99.99% (2020 – 0%, 2019 – 0%) of \$Nil (2020 - \$Nil, 2019 - \$Nil) is due to the change in ownership interest occurring on December 31, 2021. Therefore, all loss incurred in the year ended December 31, 2021 is attributable to the Company.

22. CAPITAL RISK MANAGEMENT

Management considers its capital structure to consist of share capital, share purchase options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to, and required by the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management. In order to facilitate the management of its capital requirement, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors. The annual and updated budgets are approved by the Board of Directors.

The properties, to which the Company currently has an interest in, are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in managements approach to capital management during the year ended December 31, 2021. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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23. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS**Fair Value Measurements****Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3
Financial assets			
Cash, December 31, 2021	\$ 579,508	\$ -	\$ -
Cash, December 31, 2020	\$ 7,608,149	\$ -	\$ -
Cash, December 31, 2019	\$ 3,017,704	\$ -	\$ -

Categories of financial instruments

The Company considers that the carrying amount of all its financial assets and financial liabilities measured at amortized cost approximates their fair value due to their short term nature. Restricted cash equivalents approximate fair value due to the nature of the instrument. The Company does not offset financial assets with financial liabilities. There were no transfers between Level 1, 2 and 3 for the year ended December 31, 2021.

The Company's financial assets and financial liabilities are categorized as follows:

	December 31,		
	2021	2020	2019
Fair value through profit or loss			
Cash	\$ 579,508	\$ 7,608,149	\$ 3,017,704
Amortized cost			
Receivables	\$ 79,036	\$ 75,765	\$ 246,671
Restricted cash equivalents	\$ 34,500	\$ 34,500	\$ 34,500
Reclamation deposits	\$ 21,055	\$ 21,055	\$ 21,055
	\$ 714,099	\$ 7,739,469	\$ 3,319,930
Amortized cost			
Accounts payable	\$ 2,502,139	\$ 1,759,163	\$ 2,420,392

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24. FAIR VALUE MEAS FINANCIAL RISK MANAGEMENT DISCLOSURES**(a) Liquidity risk**

Liquidity risk is the risk that an entity will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk by preparing cash flow forecasts of upcoming cash requirements. As at December 31, 2021, the Company had a cash balance of \$579,508 (2020 - \$7,608,149, 2019 – \$3,017,704). As at December 31, 2021 the Company had accounts payable and accrued liabilities of \$2,502,139, (2020 - \$1,759,163, 2019 - \$2,420,392), which have contractual maturities of 90 days or less.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances. The Company is exposed to liquidity risk – refer to Note 1.

The following table details the Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods. The table is based on the undiscounted cash flows of financial liabilities.

	0 to 6 months	6 to 12 months	Total
Accounts payable and accrued liabilities			
As at December 31, 2021	\$ 2,502,139	\$ -	\$ 2,502,139
As at December 31, 2020	\$ 1,759,163	\$ -	\$ 1,759,163
As at December 31, 2019	\$ 2,420,392	\$ -	\$ 2,420,392

(b) 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 is exposed to credit risk primarily associated to cash and cash equivalents, restricted cash equivalents and receivables, net of allowances. The carrying amount of financial assets included on the statements of financial position represents the maximum credit exposure.

(c) Market risk**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and restricted cash equivalents primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. Due to the short- term nature of these financial instruments, fluctuations in market rates do not have significant impact on the fair values of the financial instruments as of December 31, 2021. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has exploration and development projects in Mongolia and Bolivia and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency and the translation of financial instruments denominated in US dollars, Mongolian tugrik, and Bolivian boliviano into its functional and reporting currency, the Canadian dollar.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
 For the years ended December 31, 2021, 2020 and 2019
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24. FINANCIAL RISK MANAGEMENT DISCLOSURES (cont'd...)

(d) Market risk (cont'd...)

(ii) Foreign currency risk (cont'd...)

Based on the above, net exposures as at December 31, 2021, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the Mongolian tugrik would impact net loss with other variables unchanged by \$88,000. A 10% strengthening (weakening) of the Canadian dollar against the Bolivian boliviano would impact net loss with other variables unchanged by \$52,000. A 10% strengthening (weakening) of the US dollar against the Canadian dollar would impact net loss with other variables unchanged by \$4,000. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

(iii) Commodity and equity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The Company is also exposed to price risk with regards to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

25. RELATED PARTY DISCLOSURES

During the year ended December 31, 2021, the Company had related party transactions with key management personnel and the following companies, related by way of key management personnel:

- Linx Partners Ltd., a private company controlled by John Lee, Director, CEO and Executive Chairman of Prophecy, provides management and consulting services to the Company.
- MaKevCo Consulting Inc., a private company 50% owned by Greg Hall, Director of The Company, provides consulting services to the Company.
- Sophir Asia Ltd., a private company controlled by Masa Igata, Director of The Company, provides consulting services to the Company.

A summary of related party transactions by related party (being all key management personnel) is as follows:

Related parties	Year Ended December 31,		
	2021	2020	2019
Directors and officers	\$ 1,580,504	\$ 2,260,806	\$ 2,057,592
Linx Partners Ltd.	997,672	1,029,673	489,254
MaKevCo Consulting Inc.	70,499	80,139	38,309
Sophir Asia Ltd.	62,814	72,220	36,523
	\$ 2,711,489	\$ 3,442,838	\$ 2,621,678

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements

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(Expressed in Canadian Dollars)

25. RELATED PARTY DISCLOSURES (cont'd...)

A summary of the transactions by nature among the related parties (being all key management personnel) is as follows:

Related parties	Year Ended December 31,		
	2021	2020	2019
Consulting and management fees	\$ 659,500	\$ 370,000	\$ 218,500
Directors' fees	119,800	108,600	103,805
Mineral properties	714,068	1,387,067	1,171,585
Salaries and short term benefits	587,869	522,359	696,751
Share-based payments	630,252	1,054,812	431,037
	<u>2,711,489</u>	<u>3,442,838</u>	<u>2,621,678</u>

As at December 31, 2021, amounts due to related parties were \$68,888 (December 31, 2020 - \$1,800, December 31, 2019 - \$30,533) and included in accounts payable and accrued liabilities.

The Company has entered into Services Agreements with each SpinCo, which commenced December 1, 2021, pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, and personnel necessary for the SpinCos to fulfill their basic day-to-day head office and executive responsibilities in a pro-rata cost-recovery basis.

26. COSTS IN EXCESS OF RECOVERED COAL

The Company's Ulaan Ovoo mine has been impaired to value of \$Nil (2020 - \$Nil, 2019 - \$Nil) and all property costs incurred, including changes in the provision for closure and reclamation costs, are presented net of incidental income earned from the property:

Costs in excess of recovered coal	December 31,		
	2021	2020	2019
Property costs	\$ 387,820	\$ 161,737	\$ 118,803
Provision for closure and reclamation	1,342,474	428,467	1,551
	<u>\$ 1,730,294</u>	<u>\$ 590,204</u>	<u>\$ 120,354</u>

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements

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(Expressed in Canadian Dollars)

27. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,		
	2021	2020	2019
Supplementary information			
Non-Cash Financing and Investing Activities			
Shares issued on property acquisition	\$ 6,231,637	\$ 2,000,000	\$ -
Bonus shares	\$ -	\$ 640,000	\$ 115,000
Shares for services	\$ -	\$ 80,500	\$ 241,003
Shares issued to settle debt	\$ -	\$ -	\$ 43,030
Shares issued recorded as prepaid expenses	\$ -	\$ -	\$ 35,000
Subscription receivable	\$ -	\$ -	\$ 30,497
Warrants issued on property acquisition	\$ 886,544	\$ -	\$ -
Finder's units	\$ -	\$ 24,000	\$ -
Finder's warrants	\$ 42,651	\$ 226,917	\$ -
Flying Nickel warrants issuable	\$ 215,094	\$ -	\$ -
Flying Nickel warrants issued for FT shares	\$ 37,586	\$ -	\$ -
Depreciation included in mineral property	\$ 46,047	\$ 46,932	\$ 3,487
Equipment expenditures included in accounts payable	\$ -	\$ -	\$ 472,213
Mineral property expenditures included in accounts payable	\$ 1,225,798	\$ 681,781	\$ 1,252,796
Share-based payments capitalized in mineral properties	\$ 159,511	\$ 211,627	\$ 119,028
Reclassification of contributed surplus on exercise of options	\$ 179,682	\$ 272,848	\$ 153,845
Reclassification of contributed surplus on exercise of warrants	\$ 9,600	\$ 166,628	\$ 28,478

28. CONTINGENCIES

The Company accrues for liabilities when it is probable, and the amount can be reasonably estimated. As at December 31, 2021, the Company does not have any contingent liabilities (2020 - \$Nil, 2019 - \$Nil). During the year ended December 31, 2019, the Company recorded a debt settlement gain in the amount of \$7,952,700 related to ASC Bolivia LDC Sucursal Bolivia (a wholly owned subsidiary of the Company) tax claim on its consolidated statements of operations and comprehensive loss.

29. EVENTS AFTER THE REPORTING DATE

The following events occurred subsequent to December 31, 2021:

- On January 14, 2022, the Company completed the Arrangement. Pursuant to the Arrangement, the common shares of the Company were consolidated on a 10:1 basis and each holder of common shares of the Company received in exchange for every 10 pre-Consolidation common shares held: (i) one post-Consolidation common share of the Company; (ii) one common share of NickelCo; (iii) one common share of VanadiumCo and (iv) two common shares of RoyaltyCo.
- Gross proceeds of \$6,715,407 were released from escrow to Flying Nickel upon converting 10,094,033 non-flow-through subscription receipts of Flying Nickel into 10,094,033 units each consisting of one common share and one-half of one common share purchase warrant of the Flying Nickel, at a price of \$0.70 per unit. In connection with the conversion, 601,269 broker warrants were issued to the agents for Flying Nickel Offering at an exercise price of \$0.70 per common share.
- A total of 62,000 stock options with an exercise price of \$4.90 expired without exercise.
- A total of 11,666 share purchase warrants with an exercise price of \$2.60 expired without exercise. A total of 10,000 share purchase warrants with an exercise price of \$2.60 were exercised for total proceeds of \$26,000.
- Pursuant the Company's equity incentive plant dated September 1, 2021, the Company issued 187,049 bonus shares to the company's directors, officers, employees, and consultants.

SILVER ELEPHANT MINING CORP.

Notes to Annual Consolidated Financial Statements
For the years ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

29. EVENTS AFTER THE REPORTING DATE (cont'd...)

- The Company entered into agreements with certain option and warrant holders (the “Holders”) pursuant to which the Company can sell some or all the Reserved Shares (Note 7) of NickelCo, VanadiumCo and RoyaltyCo currently held by the Company on behalf of the Holders in order to obtain working capital. At the date of this report, the Company sold 1,835,000 Reserved Shares for proceeds of \$1,259,423.
- Pursuant to the APA (Note 15), the Company has submitted for approval to the TSX a request to issue 1,267,145 common shares to settle \$2,000,000 in contingent consideration payable to Victory Nickel, as the price of nickel exceeded US\$10 per pound for 30 consecutive business days subsequent to the year ended December 31, 2021.

EXHIBIT 2.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of the Annual Report on Form 20-F of which this Exhibit 2.1 is a part, Silver Elephant Mining Corp. (the "Company", "we", "us" or "our") has only one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: the Company's Common Shares.

Description of Common Shares

The following description of our Common Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our articles (the "Articles"), as amended, which are incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.1 is a part.

We have 24,124,955 Common Shares outstanding as of December 31, 2021, and we are authorized to issue an unlimited number of Common Shares, without par value.

Summary of rights of our Common Shares

The holders of our Common Shares are entitled to vote at all meetings of shareholders of the Company, to receive dividends if, as and when declared by the Company's board of directors and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. Our Common Shares carry no preemptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holders of our Common Shares to contribute additional capital on capital calls by the Company, and there are no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of the Company's Common Shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent pursuant to the *Business Corporations Act (British Columbia)* (the "BCBCA").

There are no provisions in our Articles discriminating against any existing or prospective shareholder as a result of such shareholder owning a substantial number of our Common Shares, and non-resident or foreign holders of our Common Shares are not limited in having, holding or exercising the voting rights associated with Common Shares. .

Transferability of Common Shares

Our Articles do not impose additional restrictions on the transfer of Common Shares by a shareholder than applicable law.

Procedure to change rights attaching to our Common Shares

Our Articles state that subject to Article 9.2 of the BCBCA, the Company may by ordinary resolution of its shareholders: (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares; (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established; (c) subdivide or consolidate all or any of its unissued, or fully paid issued shares; (d) if the Company is authorized to issue shares of a class of shares with par value: (i) decrease the par value of those shares, or (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares); (e) change all or any of its unissued or fully paid issued shares with par value into shares without par value or all or any of its unissued shares without par value into shares with par value; (f) alter the identifying name of any of its shares; or (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA.

Change of control restrictions for our Common Shares

There are no provisions in our articles or in the BCBCA that would have the effect of delaying, deferring or preventing a change in control of our company, and that would operate only with respect to a merger, acquisition or corporate restructuring involving our Company or our subsidiaries.

Ownership disclosure threshold for our Common Shares

Our articles or the BCBCA do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed. Securities legislation in Canada, however, requires that we disclose in our information circular for our annual general meeting, holders who beneficially own more than 10% of our issued and outstanding shares. As of the date of this Annual Report there are no persons who, or corporations which, beneficially own, or control or direct, directly or indirectly, shares carrying 5% or more of the issued and outstanding Common Shares of the Company.

EXHIBIT 4.15
AMENDED AND RESTATED ARRANGEMENT AGREEMENT

SILVER ELEPHANT MINING CORP.

**AMENDED AND RESTATED
ARRANGEMENT AGREEMENT**

DATED NOVEMBER 8, 2021

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**AMENDED AND RESTATED
ARRANGEMENT AGREEMENT**

THIS ARRANGEMENT AGREEMENT dated November 8, 2021

AMONG:

SILVER ELEPHANT MINING CORP., a corporation existing under the Laws of British Columbia ("**ParentCo**")

- and -

BATTERY METALS ROYALTIES CORP., a corporation existing under the Laws of the British Columbia ("**BatteryCo**")

- and -

NEVADA VANADIUM MINING CORP., a corporation existing under the Laws of British Columbia ("**VanadiumCo**")

- and -

FLYING NICKEL MINING CORP., a corporation existing under the Laws of the British Columbia ("**SpinCo 1**")

- and -

1324825 B.C. Ltd., a corporation existing under the Laws of the British Columbia ("**SpinCo 2**")

RECITALS:

WHEREAS ParentCo, BatteryCo and VanadiumCo previously entered into an arrangement agreement (the "**Original Agreement**") pursuant to which ParentCo, BatteryCo, VanadiumCo, Spinco 1 and Spinco 2 wish to complete a reorganization pursuant to the terms of a Plan of Arrangement under the provisions of Section 288 of the BCBCA.

AND WHEREAS ParentCo, BatteryCo, VanadiumCo, Spinco 1 and Spinco 2 wish to amend and restate, in all respects, the Original Agreement, in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

**Article 1
INTERPRETATION**

1.1 Definitions

In this Agreement, unless the context otherwise requires:

“**affiliate**” has the meaning ascribed thereto in the National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**Agreement**” means this amended and restated arrangement agreement (being an amendment and restatement of the Original Agreement), including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“**Arrangement**” means the arrangement of ParentCo, BatteryCo, VanadiumCo, Spinco 1 and Spinco 2 under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 6.3 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to ParentCo);

“**Arrangement Resolution**” means the special resolution of the ParentCo Shareholders approving the Plan of Arrangement which is to be considered at the Meeting as provided for in Section 2.2(c), substantially in the form and content of Schedule “A” hereto;

“**Authorization**” means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, bylaw, rule or regulation, whether or not having the force of Law, and includes any Environmental Permit;

“**BatteryCo Financing**” means a financing of BatteryCo Subscription Receipts in an amount and at a price to be determined by the Company and BatteryCo;

“**BatteryCo Royalty Assets**” has the meaning ascribed thereto in the Plan of Arrangement;

“**BatteryCo Share Contribution Agreement**” has the meaning ascribed thereto in the Plan of Arrangement;

“**BatteryCo Shares**” means the common shares without par value in the capital of BatteryCo;

“**BatteryCo Subscription Receipts**” means subscription receipts of BatteryCo to be issued as part of a BatteryCo Financing, each such subscription receipt to be converted into one BatteryCo Share and one-half of one BatteryCo Share purchase warrant, without any further action on the part of the holder;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Board**” means the board of directors of ParentCo as the same is constituted from time to time;

“**business day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

“**Circular**” means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the ParentCo Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

“Claim” means any demand, action, cause of action, investigation, inquiry, suit, proceeding, claim, complaint, arbitration, charge, prosecution, assessment or reassessment, including any appeal or application for review, judgment, arbitration, award, grievance, settlement or compromise;

“Class A Shares” has the meaning ascribed thereto in the Plan of Arrangement;

“Code” means the U.S. Internal Revenue Code of 1986, as amended;

“Contract” means any contract, agreement, annexes, schedules, offer letter, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which a Party is a party or by which it is bound or affected or to which any of its respective properties or assets is subject;

“Court” means the Supreme Court of British Columbia;

“Dissent Rights” means the rights of dissent exercisable by the ParentCo Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement;

“Dissenting Shareholder” means a registered ParentCo Shareholder who duly exercises its Dissent Rights pursuant to Article 4 of the Plan of Arrangement and the Interim Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

“Effective Date” means the date the Arrangement is effective under the BCBCA;

“Effective Time” has the meaning ascribed to such term in the Plan of Arrangement;

“Eligible Holder” has the meaning ascribed to such term in the Plan of Arrangement;

“Environment” means the air, surface water, ground water, body of water, sewer system, any land (including surface land and sub-surface strata), soil or underground space, all living organisms and species and the interacting natural systems that include components of the air, land, water, and inorganic matters and living organisms, and the environment or natural environment as defined in any Environmental Law, and **“Environmental”** shall have a corresponding meaning;

“Environmental Laws” means all Laws relating to the Environment, occupational health and safety as it pertains to the Environment or public health, or Hazardous Substances, including those relating to the use, generation, disposal, treatment, processing, recycling, handling, transport, distribution, destruction, transfer, import, export or sale of Hazardous Substances;

“Environmental Liabilities” means, with respect to any Person, all liabilities, obligations, responsibilities, responses, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs (including control, remedial, rehabilitation and removal costs, investigation costs, capital costs, operation and maintenance costs), expenses, fines, penalties, administrative penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative or court order, investigation, proceeding or demand by any Person, arising under or related to any Environmental Laws, Environmental Permits, or in connection with any: (a) Release or presence of a Hazardous Substance; (b) tank, drum, pipe or other container that contains or contained a Hazardous Substance; or (c) use, generation, disposal, treatment,

processing, recycling, handling, transport, transfer, import, export or sale of a Hazardous Substance.

“Environmental Permits” means all Permits or program participation requirements with or from any Governmental Entity under any Environmental Laws;

“Final Order” means the final order of the Court pursuant to Section 291 of the BCBCA, as such order may be amended by the Court (with the consent of ParentCo) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to ParentCo) on appeal;

“FIRPTA Withholding Exemption Application” has the meaning ascribed thereto in Section 7.1(a);

“Gibellini Assets” has the meaning ascribed thereto in the Plan of Arrangement;

“Governmental Entity” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, domestic or foreign; (b) any stock exchange, including the TSXV and the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“Hazardous Substance” means (a) any substance or material that is prohibited, regulated or designated as a pollutant, contaminant, toxic substance, deleterious substance, dangerous good, waste or residual material, hazardous waste or hazardous residual material, hazardous substance, hazardous material or any other similar designation, under any provision of Environmental Law, including hydrogen sulphide, arsenic, cadmium, copper, lead and mercury; (b) any petroleum product or by-product and derivatives thereof, including oil and fuel of any kind, (c) any substance or material that is toxic, explosive, poisonous, corrosive, flammable, radioactive, oxidizing, leachable, carcinogenic or mutagenic, (d) asbestos and any asbestos-containing material, including asbestos-containing vermiculite, chlorinated solvents, polychlorinated biphenyls, lead paint and urea formaldehyde foam insulation, (e) mould, radon, pyrite and mercury, (f) any microorganism, sound, vibration, rays, heat, odour or radiation that is likely to alter the quality of the Environment in any way, and (g) any substance or material that is otherwise regulated or defined pursuant to, or that could result in liability under, any Environmental Law;

“IFRS” means International Financial Reporting Standards;

“including” means including without limitation, and **“include”** and **“includes”** have a corresponding meaning;

“IRS” has the meaning ascribed thereto in Section 7.1(a);

“Law” or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the

TSXV and TSX), and the term “**applicable**” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its business, undertaking, property or securities;

“**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**Losses**” means any and all loss, liability, damage (including indemnity in lieu of notice or severance), cost, expense, charge, fine, penalty or assessment, interest charges, punitive damages, fines, penalties and reasonable professional fees and disbursements, including in connection with any Claim;

“**Interim Order**” means the interim order of the Court contemplated by this Agreement and made pursuant to Section 291 of the BCBCA, in a form acceptable ParentCo, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of ParentCo;

“**material fact**” and “**material change**” have the meanings ascribed thereto in the Securities Act;

“**Meeting**” means the special meeting of ParentCo Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**misrepresentation**” has the meaning ascribed thereto in the Securities Act;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;

“**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person; provided that in any event such action is not unreasonable or unusual;

“**Original Agreement**” has the meaning ascribed to it in the Recitals to this Agreement;

“**ParentCo Options**” means the outstanding options to purchase ParentCo Shares;

“**ParentCo Securityholder Approval**” has the meaning ascribed thereto in Section 2.2(c);

“**ParentCo Shareholders**” means the holders of ParentCo Shares;

“**ParentCo Shares**” means the issued and outstanding common shares of ParentCo and, following the exchange of such common shares for Class A Shares in accordance with the Plan of Arrangement, means the Class A Shares;

“**ParentCo Warrants**” means outstanding warrants to purchase ParentCo Shares;

“**Parties**” means ParentCo, BatteryCo, VanadiumCo, SpinCo 1 and SpinCo 2 and “Party” means any of them;

“**Permit**” means any license, permit, certificate, consent, order, grant, approval, agreement, classification, restriction, registration or other Authorization of, from or required by any Governmental Entity;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement of ParentCo, substantially in the form of Schedule “B” hereto, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of ParentCo;

“**Registrar**” means the Registrar of Companies under the BCBCA;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities;

“**Release**” means any actual or threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, spraying, depositing, burying, depositing, escaping, issuance, escape, abandonment, injection, incineration deposit, disposal, discharge, dispersal, dumping, seepage, leaching or migration of any Hazardous Substance into or through the Environment or as defined in any Environmental Law;

“**Spinco 1**” means Flying Nickel Mining Corp., a Subsidiary of ParentCo;

“**Spinco 1 Asset Contribution Agreement**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Spinco 1 Assumed Liabilities**” means all other outstanding debts and amounts owing by ParentCo in respect of the Spinco1 Properties on the day prior to the effective date of the Plan of Arrangement;

“**SpinCo 1 Financing**” means the financing of SpinCo 1 Subscription Receipts for aggregate gross proceeds of up to \$7,000,000;

“**SpinCo 1 FT Subscription Receipts**” means the subscription receipts of SpinCo 1 to be issued as part of the SpinCo 1 Financing at a price of \$0.77 per subscription receipt, each such subscription receipt to be converted into one SpinCo 1 Share issued as a ‘flow-through share’ without any further action on the part of the holder;

“**SpinCo 1 NFT Subscription Receipts**” means the subscription receipts of SpinCo 1 to be issued as part of the SpinCo 1 Financing at a price of \$0.70 per subscription receipt, each such subscription receipt to be converted into one SpinCo 1 Share and one-half of one SpinCo 1 Share purchase warrant, without any further action on the part of the holder;

“**Spinco 1 Properties**” means those interests listed in Exhibit 1 to the Plan of Arrangement;

“**Spinco 1 Related Assets**” means all Contracts, Permits, Environmental Permits, intellectual property, business information (other than financial books and records), geological, geophysical and other technical information, data, records, reports and studies exclusively related to any Spinco 1 Property;

“**Spinco 1 Shares**” means common shares without par value in the capital of Spinco 1;

“**Spinco 2**” 1324825 B.C. Ltd., a Subsidiary of ParentCo;

“**SpinCo 2 Financing**” means a financing of SpinCo 2 Subscription Receipts in an amount and at a price to be determined by the Company and SpinCo 2;

“**Spinco 2 Share Contribution Agreement**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Spinco 2 Shares**” means common shares without par value in the capital of Spinco 2;

“**SpinCo 2 Subscription Receipts**” means subscription receipts of SpinCo 2 to be issued as part of a SpinCo 2 Financing, each such subscription receipt to be converted into one SpinCo 2 Share and one-half of one SpinCo 2 Share purchase warrant, without any further action on the part of the holder.

“**SpinCos**” means BatteryCo, SpinCo 1 and SpinCo 2;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Section 3(a)(10) Exemption**” has the meaning set out in Section 2.13;

“**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Securities Laws**” means the Securities Act and the U.S. Securities Act, together with all other applicable state, federal and provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Subsidiary**” has the meaning ascribed thereto in the National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, and as the context requires includes reference to any other similar provincial taxation statute and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity

in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;

“**Tax Returns**” means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, required by a Governmental Entity to be made or filed in accordance with applicable Laws in respect of Taxes;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended and the rules and regulations promulgated thereunder;

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder;

“**VanadiumCo**” has the meaning ascribed thereto in the Plan of Arrangement;

“**VanadiumCo Shares**” means common shares without part value in the capital of VanadiumCo; and

“**VanadiumCo US**” has the meaning ascribed thereto in the Plan of Arrangement.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.6 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule A - Arrangement Resolution
- Schedule B - Plan of Arrangement

Article 2 THE ARRANGEMENT

2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable following the execution of this Agreement, and in any event in sufficient time to hold the Meeting in accordance with Section 2.3, ParentCo shall apply to the Court pursuant to the BCBCA and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
- (b) for confirmation of the record date for the Meeting in accordance with the Interim Order, ParentCo’s constating documents and applicable Law as soon as reasonably practicable;
- (c) that the requisite approval for the Arrangement Resolution shall be 66²/₃% of the votes cast on the Arrangement Resolution by the ParentCo Shareholders (the “**ParentCo Securityholder Approval**”);
- (d) that, in all other respects, the terms, conditions and restrictions of the ParentCo constating documents, including quorum requirements and other matters, shall apply in respect of the Meeting;
- (e) for the grant of dissent rights as contemplated in the Plan of Arrangement;

- (f) that the Meeting may be adjourned from time to time by ParentCo, subject to the terms of this Agreement, without the need for additional approval of the Court;
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (h) that the record date for ParentCo Shareholders entitled to notice of and to vote at the Meeting will not change in respect of any adjournment(s) of the Meeting;
- (i) for such other matters as the Parties may reasonably require, subject to obtaining the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed; and
- (j) that it is ParentCo's intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares pursuant to the Arrangement, based on the Court's approval of the Arrangement.

2.3 Meeting

Subject to the terms of this Agreement, ParentCo agrees to convene and conduct the Meeting in accordance with the Interim Order, ParentCo's constating documents and applicable Law as soon as reasonably practicable. ParentCo agrees that it shall fix and publish a record date for determining the ParentCo Shareholders entitled to receive notice of and vote at the Meeting in accordance with the Interim Order.

2.4 Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, ParentCo shall (i) prepare the Circular together with any other documents required by applicable Laws, (ii) file the Circular in all jurisdictions where the same is required to be filed, and (iii) mail the Circular as required in accordance with all applicable Laws and the Interim Order. On the date of mailing thereof, the Circular shall comply in all material respects with all applicable Laws and the Interim Order and shall contain sufficient detail to permit the ParentCo Securityholders to form a reasoned judgement concerning the matters to be placed before them at the Meeting.
- (b) ParentCo shall ensure that the Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Circular will not contain any misrepresentation.
- (c) ParentCo shall solicit proxies in favour of the Arrangement Resolution, and against any resolution submitted by any other ParentCo Shareholder, and take all other actions that are reasonably necessary or desirable to seek the ParentCo Securityholder Approval.

2.5 Final Order

If (a) the Interim Order is obtained; and (b) the Arrangement Resolution is passed at the Meeting by the ParentCo Shareholders as provided for in the Interim Order and as required by applicable Law, subject to the terms of this Agreement, ParentCo shall diligently pursue and take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to the

BCBCA held as soon as reasonably practicable, following the approval of the Arrangement Resolution at the Meeting.

2.6 Court Proceedings

ParentCo will ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. ParentCo will also oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement.

2.7 Arrangement and Effective Date

Subject to obtaining the Final Order, as soon as practicable after the satisfaction or, where not prohibited, the waiver of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date) set forth in Article 5, unless another time or date is agreed to in writing by the Parties, ParentCo shall send such documents as may be required in connection with the Arrangement under the BCBCA to the Registrar for endorsement and filing by the Registrar to give effect to the Arrangement, provided that no other documents shall be sent for filing, except as contemplated hereby. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the BCBCA.

2.8 United States Securities Law Matters

ParentCo agrees that the Arrangement will be carried out with the intention that all Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares to be issued pursuant to the Arrangement will be issued in reliance on the Section 3(a)(10) Exemption. In order to ensure the availability of the Section 3(a)(10) Exemption, ParentCo agrees that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;
- (b) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the ParentCo Shareholders subject to the Arrangement;
- (d) the Court will have determined, prior to approving the Arrangement, that the terms and conditions of the exchanges of securities under the Arrangement are fair to the ParentCo Shareholders pursuant to the Arrangement;
- (e) the order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the ParentCo Shareholders pursuant to the Arrangement;
- (f) ParentCo will ensure that each person entitled to Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with the sufficient information necessary for them to exercise that right; and

- (g) the Interim Order will specify that each person entitled to Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares pursuant to the Arrangement will have the right to appear before the Court so long as they enter an appearance within a reasonable time.

Article 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of ParentCo

ParentCo hereby represents and warrants to the other Parties as follows, and acknowledges that the other Parties are relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization and Qualification. ParentCo is duly incorporated and validly existing under the BCBCA and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. ParentCo is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary.
- (b) Authority Relative to this Agreement. ParentCo has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by ParentCo and the consummation by ParentCo of the transactions contemplated by this Agreement have been duly authorized by the board of directors of ParentCo and no other corporate proceedings on the part of ParentCo are necessary to authorize this Agreement, other than ParentCo Securityholder Approval. This Agreement has been duly executed and delivered by ParentCo and constitutes a valid and binding obligation of ParentCo, enforceable against ParentCo in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (c) No Conflict; Required Filings and Consent. The execution and delivery by ParentCo of this Agreement and the performance by it of its obligations hereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of the constating documents of ParentCo, and except as would not, individually or in the aggregate, have or reasonably be expected to have a Material adverse effect, will not: (a) violate, conflict with or result in a breach of: (i) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, Authorization, licence or permit to which ParentCo or by which is bound; or (ii) any Law to which ParentCo is subject or by which ParentCo is bound; (b) give rise to any right of termination, or the acceleration of any indebtedness, under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit; or (c) give rise to any rights of first refusal or rights of first offer, trigger any change in control or influence provisions or any restriction or limitation under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit, or result in the imposition of any encumbrance, charge or Lien upon any of ParentCo's assets. Other than ParentCo Securityholder Approval, the Interim Order, the Final Order, filings with the Registrar in connection with the Arrangement, approval of the TSX and conditional listing approval of the TSXV in respect of the potential listing of securities of Spinco 1, Spinco 2 and

BatteryCo, no Authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of ParentCo for the consummation by ParentCo of its obligations in connection with the Arrangement under this Agreement or for the completion of the Arrangement not to cause or result in any loss of any rights or assets or any interest therein held by ParentCo in any material properties, except for such Authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.

- (d) Subsidiaries. Each of BatteryCo, SpinCo 1, SpinCo 2 and VanadiumCo are wholly-owned Subsidiaries of ParentCo and no Person has any right, option or other similar contractual right to acquire any securities of BatteryCo, SpinCo 1, SpinCo 2 or VanadiumCo.
- (e) Compliance with Laws.
 - (i) The operations of ParentCo have been and are now conducted in compliance with all Laws of each jurisdiction, the Laws of which have been and are now applicable to the operations of ParentCo and ParentCo has not received any notice of any alleged violation of any such Laws, other than non-compliance or violations which, individually or in the aggregate, would not have a material adverse effect.
 - (ii) ParentCo is not in conflict with, or in default (including cross defaults) under or in violation of: (a) its articles or notice of articles or equivalent constating documents; or (b) any agreement or understanding to which it or by which any of its properties or assets is bound or affected, except for failures which, individually or in the aggregate, would not have a material adverse effect.
- (f) ParentCo Authorizations. ParentCo has obtained all Authorizations necessary for the ownership, operation, development, maintenance, or use of the material assets of ParentCo or otherwise in connection with the material business or operations of ParentCo and such Authorizations are in full force and effect. ParentCo has fully complied with and is in compliance with all Authorizations, except, in each case, for such non-compliance which, individually or in the aggregate, would not have a Material adverse effect. There is no action, investigation or proceeding pending or, to the knowledge of ParentCo, threatened regarding any of the Authorizations. ParentCo has not received any notice, whether written or oral, of revocation or non-renewal of any such Authorizations, or of any intention of any Person to revoke or refuse to renew any of such Authorizations, except in each case, for revocations or non-renewals which, individually or in the aggregate, would not have a material adverse effect and, to the knowledge of ParentCo, all such Authorizations continue to be effective in order for ParentCo to continue to conduct its business as it is currently being conducted. No Person other than ParentCo thereof owns or has any proprietary, financial or other interest (direct or indirect) in any of the Authorizations.
- (g) Capitalization and Listing.
 - (i) The authorized share capital of ParentCo consists of an unlimited number of ParentCo Shares. As at the date of this Agreement there are: (A) 228,395,400 ParentCo Shares validly issued and outstanding as fully-paid and non-assessable

shares of ParentCo; and (B) 16,027,500 outstanding ParentCo Options providing for the issuance of 16,027,500 ParentCo Shares upon the exercise thereof; and (C) 16,113,134 outstanding ParentCO Warrants providing for the issuance of 16,113,134 ParentCo Shares upon the exercise thereof. Except for the securities referred to in this section, (x) there are no options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of ParentCo to issue or sell any shares of ParentCo or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any shares of ParentCo and (y) no Person is entitled to any pre-emptive or other similar right granted by ParentCo. ParentCo Shares are listed on the TSX, and are not listed or quoted on any market other than the TSX and the OTCQX.

- (ii) All ParentCo Shares that may be issued pursuant to the exercise of outstanding ParentCo convertible securities, when issued in accordance with the terms of such securities, as the case may be, will be duly authorized, validly issued, fully-paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights.
 - (iii) There are no outstanding contractual obligations of ParentCo to repurchase, redeem or otherwise acquire any ParentCo Shares.
 - (iv) No order ceasing or suspending trading in securities of ParentCo nor prohibiting the sale of such securities has been issued and is outstanding against ParentCo or, its directors, officers or promoters.
 - (v) All ParentCo Shares will, when issued in accordance with the terms of the Arrangement be duly authorized, validly issued, fully-paid and non-assessable ParentCo Shares.
- (h) Shareholder and Similar Agreements. ParentCo is not party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding shares in the capital of ParentCo.
- (i) U.S. Securities Law Matters.
- (i) ParentCo is a “foreign private issuer” as defined in Rule 3b-4 under the U.S. Exchange Act.
 - (ii) ParentCo has class of its securities pursuant to Section 12(g) of the Exchange Act.
 - (iii) ParentCo is not an investment company registered or required to be registered under the U.S. Investment Company Act of 1940, as amended.
 - (iv) The ParentCo Shares have not been traded on any national securities exchange in the United States during the past 12 calendar months, and will not be so traded prior to the Effective Date.

- (j) Environmental. Except for any matters that, individually or in the aggregate, would not have or would not reasonably be expected to have a material adverse effect:
- (i) all facilities and operations of ParentCo have been conducted, and are now, in compliance with all Environmental Laws;
 - (ii) ParentCo is in possession of, and in compliance with, all Environmental Permits that are required to conduct its business as it is now being conducted;
 - (iii) no environmental, reclamation or closure obligation, demand, notice, work order or other liabilities presently exist with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and rights or relating to the operations and business of ParentCo and, to the knowledge of ParentCo, there is no basis for any such obligations, demands, notices, work orders or liabilities to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business;
 - (iv) ParentCo is not subject to any proceeding, application, order or directive which relates to environmental, health or safety matters, and which may require any material work, repairs, construction or expenditures;
 - (v) to the knowledge of ParentCo, there are no changes in the status, terms or conditions of any Environmental Permits held by ParentCo or any renewal, modification, revocation, reassurance, alteration, transfer or amendment of any such environmental approvals, consents, waivers, permits, orders and exemptions, or any review by, or approval of, any Governmental Entity of such environmental approvals, consents, waivers, permits, orders and exemptions that are required in connection with the execution or delivery of this Agreement, the consummation of the transactions contemplated herein or the continuation of the business of ParentCo following the Effective Date;
 - (vi) to the knowledge of ParentCo, ParentCo is not subject to any past or present fact, condition or circumstance that could reasonably be expected to result in liability under any Environmental Laws that would individually or in the aggregate, constitute a Material adverse effect.
- (k) Reporting Issuer Status. As of the date hereof, ParentCo is a reporting issuer not in default (or the equivalent) under the Securities Laws of British Columbia and Alberta.
- (l) Stock Exchange Compliance. ParentCo is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the TSX.

3.2 Representations and Warranties of the SpinCos

Each of the SpinCos hereby represents and warrants to the other Parties as follows, and acknowledges that the other Parties are relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization and Qualification. It is duly incorporated and validly existing under the BCBCA and has full corporate power and authority to own its assets and conduct its

business as now owned and conducted. It is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary.

- (b) Authority Relative to this Agreement. It has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by it and its consummation of the transactions contemplated by this Agreement have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by it and constitutes a valid and binding obligation, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (c) No Conflict; Required Filings and Consent. The execution and delivery by it of this Agreement and the performance by it of its obligations hereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of its constating documents, and except as would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect, will not: (a) violate, conflict with or result in a breach of: (i) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, Authorization, licence or permit to which it or by which is bound; or (ii) any Law to which it is subject or by which it is bound; (b) give rise to any right of termination, or the acceleration of any indebtedness, under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit; or (c) give rise to any rights of first refusal or rights of first offer, trigger any change in control or influence provisions or any restriction or limitation under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit, or result in the imposition of any encumbrance, charge or Lien upon any of its assets. Other than the Interim Order, the Final Order, filings with the Registrar in connection with the Arrangement, , no Authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary on its part for the consummation by it of its obligations in connection with the Arrangement under this Agreement or for the completion of the Arrangement not to cause or result in any loss of any rights or assets or any interest therein held by it in any material properties, except for such Authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.
- (d) Compliance with Laws.
 - (i) Its operations have been and are now conducted in compliance with all Laws of each jurisdiction, the Laws of which have been and are now applicable to its operations and it has not received any notice of any alleged violation of any such Laws, other than non-compliance or violations which, individually or in the aggregate, would not have a material adverse effect.
 - (ii) it is not in conflict with, or in default (including cross defaults) under or in violation of: (a) its articles or notice of articles or equivalent constating documents; or (b) any agreement or understanding to which it or by which any of

its properties or assets is bound or affected, except for failures which, individually or in the aggregate, would not have a material adverse effect.

(e) Capitalization and Listing.

- (i) its authorized share capital consists of an unlimited number of common shares. As at the date of this Agreement there is 1 common share validly issued and outstanding as a fully-paid and non-assessable share, which is owned by ParentCo. There are no outstanding options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations to issue or sell any of its shares or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any its shares and no Person is entitled to any pre-emptive or other similar right granted by it.
- (ii) All of its common shares will, when issued in accordance with the terms of the Arrangement be duly authorized, validly issued, fully-paid and non-assessable common shares.

3.3 Representations and Warranties of VanadiumCo

VanadiumCo hereby represents and warrants to the other Parties as follows, and acknowledges that the other Parties are relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization and Qualification. VanadiumCo is duly incorporated and validly existing under the BCBCA and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. VanadiumCo is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary.
- (b) Authority Relative to this Agreement. VanadiumCo has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by VanadiumCo and the consummation by VanadiumCo of the transactions contemplated by this Agreement have been duly authorized by the board of directors of VanadiumCo and no other corporate proceedings on the part of VanadiumCo are necessary to authorize this Agreement,. This Agreement has been duly executed and delivered by VanadiumCo and constitutes a valid and binding obligation of VanadiumCo, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (c) No Conflict; Required Filings and Consent. The execution and delivery by VanadiumCo of this Agreement and the performance by it of its obligations hereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of the constating documents of VanadiumCo, and except as would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect, will not: (a) violate, conflict with or result in a breach of: (i) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, Authorization,

licence or permit to which VanadiumCo or by which is bound; or (ii) any Law to which VanadiumCo is subject or by which VanadiumCo is bound; (b) give rise to any right of termination, or the acceleration of any indebtedness, under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit; or (c) give rise to any rights of first refusal or rights of first offer, trigger any change in control or influence provisions or any restriction or limitation under any such agreement, contract, indenture, Authorization, deed of trust, mortgage, bond, instrument, licence or permit, or result in the imposition of any encumbrance, charge or Lien upon any of VanadiumCo's assets. Other than the Interim Order, the Final Order, filings with the Registrar in connection with the Arrangement, , no Authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of VanadiumCo for the consummation by VanadiumCo of its obligations in connection with the Arrangement under this Agreement or for the completion of the Arrangement not to cause or result in any loss of any rights or assets or any interest therein held by VanadiumCo in any material properties, except for such Authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.

(d) Compliance with Laws.

- (i) The operations of VanadiumCo have been and are now conducted in compliance with all Laws of each jurisdiction, the Laws of which have been and are now applicable to the operations of VanadiumCo and VanadiumCo has not received any notice of any alleged violation of any such Laws, other than non-compliance or violations which, individually or in the aggregate, would not have a material adverse effect.
- (ii) VanadiumCo is not in conflict with, or in default (including cross defaults) under or in violation of: (a) its articles or notice of articles or equivalent constating documents; or (b) any agreement or understanding to which it or by which any of its properties or assets is bound or affected, except for failures which, individually or in the aggregate, would not have a material adverse effect.

(e) Capitalization and Listing.

- (i) The authorized share capital of VanadiumCo consists of an unlimited number of VanadiumCo Shares. As at the date of this Agreement there is one VanadiumCo Share validly issued and outstanding as a fully-paid and non-assessable share of VanadiumCo, which is owned by ParentCo. There are no outstanding options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of VanadiumCo to issue or sell any shares of VanadiumCo or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any shares of VanadiumCo and no Person is entitled to any pre-emptive or other similar right granted by VanadiumCo.
- (ii) All VanadiumCo Shares will, when issued in accordance with the terms of the Arrangement be duly authorized, validly issued, fully-paid and non-assessable VanadiumCo Shares.

3.4 Survival of Representations and Warranties

The representations and warranties of the Parties contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

Article 4 COVENANTS

4.1 Covenants of ParentCo Relating to the Arrangement

ParentCo shall perform all obligations required to be performed by ParentCo under this Agreement and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, ParentCo shall:

- (a) use its commercially reasonable efforts to complete the Plan of Arrangement;
- (b) use its commercially reasonable efforts to obtain all required Regulatory Approvals;
- (c) use its commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the material Contracts;
- (d) defend all lawsuits or other legal, regulatory or other proceedings against ParentCo challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (e) apply for and use commercially reasonable efforts to obtain approval of TSX for the transactions contemplated by the Arrangement;
- (f) apply for and use commercially reasonable efforts to obtain conditional listing approval of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares on the TSXV; and
- (g) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement.

Article 5 CONDITIONS

5.1 Conditions Precedent

The obligations of the Parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived with the mutual consent of the Parties:

- (a) no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement;
- (b) all Regulatory Approvals shall have been obtained, including approval of the Court, on terms and conditions satisfactory to ParentCo, acting reasonably;

- (c) the TSX Approval shall have been obtained;
- (d) the ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;
- (e) there shall not be pending or threatened in writing any suit, action or proceeding by any Governmental Entity or any other Person that is reasonably likely to result in a:
 - (i) restriction or prohibition of the consummation of the Arrangement or a Person obtaining from ParentCo any material damages directly or indirectly in connection with the Arrangement; or
 - (ii) prohibition or material limit on the ownership by ParentCo of any material portion of its business.
- (f) this Agreement shall not have been terminated;
- (g) the distribution of the Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares shall be exempt from the prospectus requirements of Canadian securities laws and shall be exempt from the registration requirements of the U.S. Securities Act and: (x) there shall be no resale restrictions on such shares under Securities Laws in Canada, except in respect of those holders who are subject to restrictions on resale as a result of being a “control person” under Securities Laws in Canada; and (y) the Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares shall not be “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act, except in respect of Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares held by Persons who are deemed to be an “affiliate” of ParentCo as defined in Rule 144 under the U.S. Securities Act;
- (h) the ParentCo Securityholder Approval shall have been obtained;
- (i) holders of no more than 5% of the ParentCo Shares shall have exercised dissent rights.

The foregoing conditions will be for the benefit of each Party and may be waived by it in whole or in part at any time.

5.2 Satisfaction of Conditions

The conditions precedent set out in Section 5.1 shall be conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Effective Date shall have occurred.

Article 6 TERM, TERMINATION, AMENDMENT AND WAIVER

6.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

6.2 Termination

- (a) This Agreement may be terminated at any time prior to the Effective Time (notwithstanding ParentCo Securityholder Approval or approval of the Court):
 - (i) by mutual written agreement of the Parties;
 - (ii) by ParentCo, if ParentCo Securityholder Approval shall not have been obtained at the Meeting.
- (b) If this Agreement is terminated pursuant to this Section 6.2, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto.

6.3 Amendment

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or Authorization on the part of the ParentCo Shareholders, and any such amendment may without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

6.4 Waiver

Any Party may (a) extend the time for the performance of any of the obligations or acts of the other Party, (b) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (c) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Article 7 TAX MATTERS

7.1 Tax Matters

- (a) Prior to the Effective Date, ParentCo shall be permitted to file with the U.S. Internal Revenue Service (the "IRS") an Application for Dispositions by Foreign Persons of U.S. Real Property Interests (Form 8288-B) (the "**FIRPTA Withholding Exemption**")

Application”) requesting a reduction of the amount required to be withheld by VanadiumCo under Section 1445 of the Code as a result of the transfer of the Gibellini Assets to VanadiumCo

- (b) Prior to or concurrent with the Effective Date, VanadiumCo shall be permitted to issue to VanadiumCo US a properly prepared and executed certificate in accordance with Section 1.1445-2(d)(2) of U.S. Treasury Regulations promulgated under the Code providing that no withholding is required under Section 1445 of the Code as a result of the transfer of the Gibellini Assets by VanadiumCo to VanadiumCo US by reason of the operation of a nonrecognition provision of the Code. VanadiumCo US shall, within 20 days following the Effective Date, file with the IRS any such certificate received from VanadiumCo in connection with the transfer of the Gibellini Assets;
- (c) Prior to the Effective Date, Parent shall be permitted to file with the IRS a FIRPTA Withholding Exemption Application requesting a reduction of the amount required to be withheld by BatteryCo under Section 1445 of the Code as a result of the transfer of the BatteryCo Royalty Assets to BatteryCo.

Article 8 GENERAL PROVISIONS

8.1 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given and received on the day it is delivered, provided that it is delivered on a business day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if notice is delivered after 5:00 p.m. local time or if such day is not a business day then the notice shall be deemed to have been given and received on the next business day. Notice shall be sufficiently given if delivered (either in Person, by courier service or other personal method of delivery), or if transmitted by email to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to any Party, c/o:

Silver Elephant Mining Corp.
409 Granville Street, Suite 1610
Vancouver, British Columbia
V6C 1T2

Attention: John Lee, Chief Executive Officer
Email: info@silverelef.com

8.2 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and the Arrangement. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE

TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

8.3 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

8.4 Time of Essence

Time shall be of the essence in this Agreement.

8.5 Entire Agreement, Binding Effect and Assignment

This Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof, including the Original Agreement, and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Parties. This Agreement amends and restates the Original Agreement as of the date hereof, and the Original Agreement shall terminate upon the execution of this Agreement; provided that, for greater certainty, the Original Agreement shall continue to govern with respect to the period prior to the date hereof in accordance with the terms thereof.

8.6 No Liability

No director or officer of ParentCo shall have any personal liability whatsoever to any other Party under this Agreement, or any other document delivered in connection with the transactions contemplated hereby on behalf of ParentCo.

8.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.8 Counterparts, Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF ParentCo, BatteryCo, SpinCo 1, SpinCo 2 and VanadiumCo have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SILVER ELEPHANT MINING CORP.

DocuSigned by:
By: John Lee
635E19F634D7488...

Name: John Lee

Title: CEO

BATTERY METALS ROYALTIES CORP.

DocuSigned by:
By: John Lee
635F19F634D7488...

Name: John Lee

Title: ceo

NEVADA VANADIUM MINING CORP.

DocuSigned by:
By: John Lee
635F19F634D7488...

Name: John Lee

Title: director

FLYING NICKEL MINING CORP.

DocuSigned by:
By: John Lee
635F19F634D7488...

Name: John Lee

Title: director

1324825 B.C. LTD.

DocuSigned by:
By: John Lee
635F19F634D7488...

Name: John Lee

Title: director

SCHEDULE A
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Silver Elephant Mining Corp., (“**ParentCo**”), all as more particularly described and set forth in the Management Information Circular (the “**Circular**”) of ParentCo dated [●], 2021, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”), involving ParentCo and implementing the Arrangement, the full text of which is set out in Appendix “B” to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The amended and restated arrangement agreement (the “**Arrangement Agreement**”) among ParentCo, Battery Metals Royalties Corp., Nevada Vanadium Mining Corp., Flying Nickel Mining Corp. and 1324825 B.C. Ltd. dated November 8, 2021, and all the transactions contemplated therein, the actions of the directors of ParentCo in approving the Arrangement and the actions of the directors and officers of ParentCo in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the securityholders of ParentCo or that the Arrangement has been approved by the Supreme Court of British Columbia (the “**Court**”), the directors of ParentCo are hereby authorized and empowered, without further notice to, or approval of, the securityholders of ParentCo:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any director or officer of ParentCo is hereby authorized and directed for and on behalf of ParentCo to make application to the Court for an order approving the Arrangement and to execute, whether under corporate seal of ParentCo or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the BCBCA in accordance with the Arrangement Agreement for filing.
6. Any one or more directors or officers of ParentCo is hereby authorized, for and on behalf and in the name of ParentCo, to execute and deliver, whether under corporate seal of ParentCo or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

- (a) all actions required to be taken by or on behalf of ParentCo, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by ParentCo;
- (c) such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**SCHEDULE B
PLAN OF ARRANGEMENT**

**UNDER SECTION 288 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions. In this plan of arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Arrangement**” means an arrangement under section 288 of the BCBCA on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement, the Plan of Arrangement, or at the direction of the Court in the Final Order;
- (b) “**Arrangement Agreement**” means the amended and restated arrangement agreement dated as of November 8, 2021 between ParentCo, BatteryCo, VanadiumCo, SpinCo 1 and SpinCo 2 to which this Plan of Arrangement is attached as Schedule B, as may be supplemented or amended from time to time;
- (c) “**Arrangement Resolution**” means the special resolution of ParentCo Shareholders approving the Arrangement;
- (d) “**BatteryCo**” means Battery Metals Royalties Corp.;
- (e) “**BatteryCo Assignment Agreement**” means the agreement to be entered into between ParentCo and BatteryCo pursuant to which ParentCo will assign to BatteryCo its interest in the BatteryCo Royalty Assets in consideration for the issuance of BatteryCo Shares;
- (f) “**BatteryCo Financing**” means a financing of BatteryCo Subscription Receipts in an amount and at a price to be determined by the Company and BatteryCo;
- (g) “**BatteryCo Share Contribution Agreement**” means the share contribution agreement to be entered into between BatteryCo and ParentCo pursuant to which ParentCo shall transfer to BatteryCo and BatteryCo shall receive from ParentCo certain outstanding Spinco 1 Shares and Spinco 2 Shares held by ParentCo;
- (h) “**BatteryCo Shares**” means the common shares without par value in the capital of BatteryCo;
- (i) “**BatteryCo Subscription Receipts**” means subscription receipts of BatteryCo to be issued as part of a BatteryCo Financing, each such subscription receipt to be converted into one BatteryCo Share and one-half of one BatteryCo Share purchase warrant, without any further action on the part of the holder;
- (j) “**BatteryCo Royalty Assets**” those royalty interests in certain mineral properties listed in Exhibit 2 to the Plan of Arrangement;

- (k) “**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, and the regulations promulgated thereunder;
- (l) “**Board of Directors**” means the current and existing Board of Directors of ParentCo;
- (m) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory or civic holiday in Vancouver, British Columbia;
- (n) “**Class A Shares**” means a new class of voting common shares without par value which ParentCo will create and issue as described in section 3.1(g) of this Plan of Arrangement and for which the ParentCo Shares are, in part, to be exchanged under the Plan of Arrangement and which, immediately after completion of the transactions comprising the Plan of Arrangement, will be identical in every relevant respect to the ParentCo Shares, other than as set forth in the Plan of Arrangement;
- (o) “**Consolidation**” means the consolidation of the ParentCo Shares as described in section 3.1(b) of this Plan of Arrangement;
- (p) “**Court**” means the Supreme Court of British Columbia;
- (q) “**Depository**” means Computershare Investor Services Inc., the depository for the Arrangement, appointed for the purpose of, among other things, exchanging certificates representing ParentCo Shares for certificates representing New ParentCo Shares, SpinCo 1 Shares, SpinCo 2 Shares and BatteryCo Shares in connection with the Arrangement.
- (r) “**Dissent Rights**” means the rights of dissent in respect to the Arrangement under the BCBCA as described in Article 4;
- (s) “**Dissenting Shareholder**” means a registered ParentCo Shareholder who duly exercises its Dissent Rights pursuant to Article 4 of this Plan of Arrangement and the Interim Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (t) “**Effective Date**” means the date upon which the Arrangement becomes effective, being the date shown on the Certificate of Arrangement;
- (u) “**Effective Time**” means 12:01 a.m. (Vancouver Time) on the Effective Date or such other time on the Effective Date as may be determined by ParentCo;
- (v) “**Final Order**” means the final order of the Court approving the Arrangement;
- (w) “**Former ParentCo Shareholders**” means the holders of ParentCo Shares immediately prior to the Effective Time;
- (x) “**Gibellini Assets**” means the assets to be purchased by VanadiumCo pursuant to the Gibellini Asset Contribution Agreement and which shall include the Gibellini Properties and the Gibellini Related Assets;
- (y) “**Gibellini Asset Contribution Agreement**” means the agreement to be entered into between ParentCo and VanadiumCo pursuant to which VanadiumCo (or its affiliate

VanadiumCo US) shall receive as a contribution to capital ParentCo's interest in the Gibellini Assets in consideration of the issuance of VanadiumCo Shares;

- (z) **“Gibellini Assumption Agreement”** means the agreement to be entered into between ParentCo and VanadiumCo pursuant to which VanadiumCo will assume the Gibellini Assumed Liabilities;
- (aa) **“Gibellini Assumed Liabilities”** means all other outstanding debts and amounts owing by ParentCo in respect of the Gibellini Properties on the day prior to the effective date of the Plan of Arrangement;
- (bb) **“Gibellini Properties”** means those interests in mineral exploration listed in Exhibit III to the Plan of Arrangement;
- (cc) **“Gibellini Related Assets”** means all Contracts, Permits, Environmental Permits, intellectual property, business information (other than financial books and records), geological, geophysical and other technical information, data, records, reports and studies exclusively related to any Gibellini Property;
- (dd) **“Governmental Entity”** means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, domestic or foreign; (b) any stock exchange, including the TSXV and the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (ee) **“Interim Order”** means the interim order of the Court relating to the Arrangement and providing for, among other things, the calling and holding of the Meeting, as the same may be amended, supplemented or varied by the Court;
- (ff) **“Law”** or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the TSXV and the TSX), and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;
- (gg) **“Meeting”** means the special meeting of the ParentCo Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (hh) **“New ParentCo Shares”** has the meaning ascribed thereto in section 3.1(j)(i) of this Plan of Arrangement;
- (ii) **“Notice of Dissent”** means a notice given in respect of the Dissent Rights as contemplated in the Interim Order and as described in Article 4;

- (jj) **“ParentCo”** means Silver Elephant Mining Corp., a corporation incorporated under the BCBCA;
- (kk) **“ParentCo Option Plan”** means ParentCo’s incentive stock option plan;
- (ll) **“ParentCo Options”** means outstanding options to purchase ParentCo Shares in accordance with the ParentCo Option Plan;
- (mm) **“ParentCo Shareholders”** means holders of ParentCo Shares;
- (nn) **“ParentCo Shares”** means the voting common shares without par value which ParentCo is authorized to issue as the same are constituted on the date hereof;
- (oo) **“ParentCo Warrants”** means outstanding warrants to purchase ParentCo Shares;
- (pp) **“ParentCo Warrant Certificates”** means the certificates representing the ParentCo Warrants;
- (qq) **“Parties”** means ParentCo, VanadiumCo, BatteryCo, SpinCo 1 and SpinCo 2, and **“Party”** means either of them;
- (rr) **“Person”** or **“person”** means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative, government (including any Governmental Entity, as such term is defined in the Arrangement Agreement) or any other entity, whether or not having legal status;
- (ss) **“Plan of Arrangement”** means this plan of arrangement, as the same may be amended from time to time;
- (tt) **“Spinco 1”** means Flying Nickel Mining Corp, a company incorporated under the BCBCA;
- (uu) **“Spinco 1 Asset Contribution Agreement”** means the agreement to be entered into between ParentCo and Spinco 1 pursuant to which Spinco 1 receives ParentCo’s interest in the Spinco 1 Spinout Assets in consideration of the issuance of Spinco 1 Shares;
- (vv) **“Spinco 1 Assumed Liabilities”** means all other outstanding debts and amounts owing by ParentCo in respect of the Spinco1 Properties on the day prior to the effective date of the Plan of Arrangement;
- (ww) **“Spinco 1 Assumption Agreement”** means the agreement to be entered into between ParentCo and Spinco 1 pursuant to which Spinco 1 will assume the Spinco 1 Assumed Liabilities;
- (xx) **“SpinCo 1 Financing”** means the financing of SpinCo 1 Subscription Receipts for aggregate gross proceeds of up to \$8,600,000;
- (yy) **“SpinCo 1 FT Subscription Receipts”** means the subscription receipts of SpinCo 1 to be issued as part of the SpinCo 1 Financing at a price of \$0.77 per subscription receipt,

each such subscription receipt to be converted into one SpinCo 1 Share issued as a ‘flow-through share’ without any further action on the part of the holder;

- (zz) “**SpinCo 1 NFT Subscription Receipts**” means the subscription receipts of SpinCo 1 to be issued as part of the SpinCo 1 Financing at a price of \$0.70 per subscription receipt, each such subscription receipt to be converted into one SpinCo 1 Share and one-half of one SpinCo 1 Share purchase warrant, without any further action on the part of the holder;
- (aaa) “**Spinco 1 Shareholder**” means a holder of Spinco 1 Shares;
- (bbb) “**Spinco 1 Shares**” means the voting common shares without par value which Spinco 1 is authorized to issue as the same are constituted on the date hereof;
- (ccc) “**Spinco 1 Spinout Assets**” means the assets purchased by SpinCo 1 pursuant to the Spinco 1 Asset Contribution Agreement and which shall include the Spinco 1 Properties and the Spinco 1 Related Assets;
- (ddd) “**Spinco 1 Properties**” means those interests in mineral exploration properties listed in Exhibit 1 to the Plan of Arrangement;
- (eee) “**Spinco 1 Related Assets**” means all Contracts, Permits, Environmental Permits, intellectual property, business information (other than financial books and records), geological, geophysical and other technical information, data, records, reports and studies exclusively related to any Spinco 1 Property;
- (fff) “**Spinco 2**” means 1324825 B.C. Ltd., a company to be incorporated under the BCBCA;
- (ggg) “**SpinCo 2 Financing**” means a financing of SpinCo 2 Subscription Receipts in an amount and at a price to be determined by the Company and SpinCo 2;
- (hhh) “**Spinco 2 Share Contribution Agreement**” means the share contribution agreement to be entered into between SpinCo 2 and ParentCo pursuant to which ParentCo shall contribute to SpinCo 2 and SpinCo 2 shall receive from ParentCo all of the outstanding VanadiumCo Shares in consideration of the issuance of Spinco 2 Shares;
- (iii) “**Spinco 2 Shareholder**” means a holder of Spinco 2 Shares;
- (jjj) “**Spinco 2 Shares**” means the voting common shares without par value which Spinco 2 is authorized to issue as the same are constituted on the date hereof;
- (kkk) “**SpinCo 2 Subscription Receipts**” means subscription receipts of SpinCo 2 to be issued as part of a SpinCo 2 Financing, each such subscription receipt to be converted into one SpinCo 2 Share and one-half of one SpinCo 2 Share purchase warrant, without any further action on the part of the holder.
- (lll) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, and as the context requires includes reference to any other similar provincial taxation statute and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

- (mmm) “**Transfer Agent**” means Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia;
- (nnn) “**Taxes**” means any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing; and
- (ooo) “**TSX**” means the Toronto Stock Exchange;
- (ppp) “**TSXV**” means the TSX Venture Exchange;
- (qqq) “**VanadiumCo**” means Nevada Vanadium Mining Corp.;
- (rrr) “**VanadiumCo Shares**” means common shares in the capital of VanadiumCo;
- (sss) “**VanadiumCo US**” means Nevada Vanadium LLC, a wholly-owned subsidiary of VanadiumCo.

1.2 Sections and Headings. The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Number, Gender and Persons. In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing gender shall include all genders.

1.4 Meaning. Words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA, unless the context otherwise requires.

1.5 Statutory References. Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency. Unless otherwise stated all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.7 Business Day. In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.8 Governing Law. This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.9 Binding Effect. This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) ParentCo; (ii) BatteryCo; (iii) VanadiumCo; (iv) Spinco 1; (v) Spinco 2; all registered and beneficial ParentCo Shareholders; and (vi) the Dissenting Shareholders.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement. This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

ARTICLE 3 THE ARRANGEMENT

3.1 The Arrangement. On the Effective Date, commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of ParentCo, BatteryCo, VanadiumCo, Spinco 1 or Spinco 2, but subject to the provisions of Article 4:

- (a) Each ParentCo Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to ParentCo and ParentCo shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Section 4.1 hereof, and the name of each such holder shall be removed from the securities register as a holder of ParentCo Shares and such ParentCo Shares so transferred to ParentCo shall thereupon be cancelled;
- (b) A consolidation of outstanding share capital of ParentCo (the “**Consolidation**”) shall occur on the basis of one post-consolidation ParentCo Share for each 10 pre-consolidation ParentCo Shares;
- (c) Spinco 1 shall purchase the Spinco 1 Spinout Assets from ParentCo pursuant to the Spinco 1 Asset Contribution Agreement in consideration for: (i) the issuance of 50,000,000 Spinco 1 Shares; and (ii) the assumption of the Spinco 1 Assumed Liabilities, which assumption shall be governed by the Spinco 1 Assumption Agreement, the aggregate value of which will have equivalent value to the Spinco1 Spinout Assets. The stated capital of the Spinco 1 Shares shall be increased by an amount equal to the aggregate fair market value of the Spinco 1 Spinout Assets less the amount of the SpinCo 1 Assumed Liabilities;
- (d) BatteryCo shall purchase the BatteryCo Royalty Assets from ParentCo pursuant to the BatteryCo Assignment Agreement in consideration for the issuance of BatteryCo Shares having an equivalent value. The stated capital of the BatteryCo Shares shall be increased by an amount equal to the aggregate fair market value of the BatteryCo Royalty Assets;
- (e) VanadiumCo shall purchase the Gibellini Assets from ParentCo pursuant to the Gibellini Asset Purchase Agreement in consideration for: (i) the issuance of VanadiumCo Shares; and (ii) the assumption of the Gibellini Assumed Liabilities, which assumption shall be governed by the Gibellini Assumption Agreement, the aggregate value of which will

have equivalent value to the Gibellini Assets.. The stated capital of the VanadiumCo Shares shall be increased by an amount equal to the aggregate fair market value of the Gibellini Assets less the amount of the Gibellini Assumed Liabilities;

- (f) Spinco 2 shall purchase the VanadiumCo Shares from ParentCo pursuant to the Spinco 2 Share Contribution Agreement in consideration for 50,000,000 Spinco 2 Shares having equivalent value. The stated capital of the Spinco 2 Shares shall be increased by an amount equal to the aggregate fair market value of the VanadiumCo Shares;
- (g) the authorized share capital of ParentCo shall be reorganized and its articles amended by, the creation of an unlimited number of Class A Shares having the same rights, privileges, restrictions and conditions as the ParentCo Shares except that they shall provide any holder of Class A Shares owning more than 80% of the issued and outstanding Class A Shares with the right to requisition the directors of ParentCo to call a meeting of the holders of Class A Shares for the purposes stated in the requisition and should the directors of ParentCo not call such meeting within two days after receiving such requisition a shareholder who made such requisition may call a meeting in the manner in which such meeting may be called under the BCBCA and the articles of ParentCo, and the Notice of Articles and Articles of ParentCo are amended accordingly;
- (h) BatteryCo shall purchase from ParentCo:
 - (i) that number of Spinco 1 Shares equal to 50,000,000 less the number of issued and outstanding ParentCo Shares less the number of outstanding ParentCo Options less the number of outstanding ParentCo Warrants;
 - (ii) that number of Spinco 2 Shares equal to 50,000,000 less the number of issued and outstanding ParentCo Shares less the number of outstanding ParentCo Options less the number of outstanding ParentCo Warrants,

pursuant to the BatteryCo Share Contribution Agreement in consideration for the issuance of BatteryCo Shares having equivalent value. The stated capital of the BatteryCo Shares shall be increased by an amount equal to the aggregate fair market value of the Spinco 1 Shares and Spinco 2 Shares received;

- (i) in accordance with the terms of the ParentCo Warrant Certificates each holder of a ParentCo Warrant outstanding immediately prior to the Effective Time shall receive (and such holder shall accept) upon the exercise of such holder's ParentCo Warrant, in lieu of each ParentCo Share to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of New ParentCo Shares, Spinco1 Shares, Spinco 2 Shares and BatteryCo Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of ParentCo Shares to which such holder was theretofore entitled upon exercise of the ParentCo Warrants and such ParentCo Warrant shall continue to be governed by and be subject to the terms of the ParentCo Warrant Certificates;
- (j) in accordance with the terms of the ParentCo Stock Option Plan, each holder of a ParentCo Option outstanding immediately prior to the Effective Time shall receive (and such holder shall accept) upon the exercise of such holder's ParentCo Option, in lieu of

each ParentCo Share to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of New ParentCo Shares, Spinco1 Shares, Spinco 2 Shares and BatteryCo Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of ParentCo Shares to which such holder was theretofore entitled upon exercise of the ParentCo Options; and (ii) such ParentCo Option shall continue to be governed by and be subject to the terms of the ParentCo Stock Option Plan.

- (k) each ParentCo Share will be exchanged for: (A) one Class A Share; (B) one Spinco 1 Share; (C) one Spinco 2 Share and (D) two BatteryCo Shares. As a result of the exchange:
- (i) the authorized capital of ParentCo shall be amended to delete the ParentCo Shares, none of which are issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the ParentCo Shares; and
 - (ii) the aggregate amount added to the stated capital of the Class A Shares issued pursuant to Section 3.1(i)(i) above shall be equal to the amount if any, by which (A) the aggregate paid-up capital (as that term is defined for the purposes of the Tax Act) of the ParentCo Shares (other than ParentCo Shares held by the Dissenting Shareholders) immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares distributed to the ParentCo Shareholders;

and the Notice of Articles and Articles of ParentCo are amended accordingly.

The name of each ParentCo Shareholder who is so deemed to exchange his, her or its ParentCo Shares, shall be removed from the securities register of ParentCoShares with respect to the ParentCoShares so exchanged and shall be added to the securities registers of the Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares as the holder of the number of Class A Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares deemed to have been received on the exchange.

- (l) the authorized capital of ParentCo is amended:
- (i) to rename the Class A Shares as ‘Common Shares’ (“**New ParentCo Shares**”); and
 - (ii) to delete those rights, privileges, restrictions attached thereto which provide that any holder of Class A Shares owning more than 80% of the issued and outstanding Class A Shares with the right to requisition the directors of ParentCo to call a meeting of the holders of Class A Shares for the purposes stated in the requisition and should the directors of ParentCo not call such meeting within two days after receiving such requisition a shareholder who made such requisition may call a meeting in the manner in which such meeting may be called under the BCBCA and the articles of ParentCo; and

and the Notice of Articles and Articles of ParentCo are amended accordingly.

- (m) each then outstanding SpinCo 1 FT Subscription Receipt shall be converted into one SpinCo 1 Share;
- (n) each then outstanding SpinCo 1 NFT Subscription Receipt shall be converted into one SpinCo 1 Share and one-half of one SpinCo 1 Warrant;
- (o) each then outstanding SpinCo 2 Subscription Receipt shall be converted into one SpinCo 2 Share and one-half of one SpinCo 2 Warrant and;
- (p) each then outstanding BatteryCo Subscription Receipt shall be converted into one BatteryCo Share and one-half of one BatteryCo Warrant.

3.2 No Fractional Shares. Notwithstanding any other provision of this Arrangement, no fractional Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares shall be transferred to the ParentCo Shareholders and ParentCo Shareholders will not receive any compensation in lieu thereof.

3.3 Effective Date. In Section 3.1 the reference to a ParentCo Shareholder shall mean a person who is a ParentCo Shareholder as of the Effective Time, subject to the provisions of Article 4.

3.4 Deemed Fully Paid and Non-Assessable Shares. All ParentCo Shares, Class A Shares, BatteryCo Share, Spinco 1 Shares and Spinco 2 Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes.

3.5 Arrangement Effectiveness. The Arrangement shall become final and conclusively binding on the ParentCo Shareholders, Spinco 1 Shareholders, Spinco 2 Shareholders, BatteryCo Shareholders and each of ParentCo, Spinco 1, Spinco 2 and BatteryCo on the Effective Date.

3.6 Supplementary Actions. Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of ParentCo, VanadiumCo, Spinco 1, Spinco 2 and BatteryCo shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

3.7 Withholding Rights. ParentCo, Spinco 1, Spinco 2 and BatteryCo shall be entitled to deduct or withhold from the consideration or other amount payable to any ParentCo Shareholder, including Dissenting Shareholders pursuant to Article 4, and from all dividends, other distributions or other amount otherwise payable to any ParentCo Shareholder, such Taxes or other amounts as ParentCo, Spinco 1, Spinco 2 or BatteryCo is required, entitled or permitted to deduct and withhold with respect to such payment under the Tax Act, the Code, or any other provisions of any applicable Laws. For greater certainty, to the extent that the exchanges in subsection 3.1(k) hereof gives rise to a deemed dividend under the Tax Act or the Code, ParentCo shall be entitled to retain and sell that number of Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares as required to satisfy any withholding requirement under the Tax Act or the Code or any other applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority and the number of Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares retained and sold by ParentCo shall be deemed to have been issued to the ParentCo Shareholder.

ARTICLE 4 RIGHTS OF DISSENT

4.1 Dissent Right. Notwithstanding Section 3.1 hereof, holders of ParentCo Shares may exercise rights of dissent (the “**Dissent Rights**”) in connection with the Arrangement pursuant to the Interim Order and the Final Order and in the manner set forth in Section 238 of the BCBCA, provided that the written notice setting forth the objection of such registered ParentCo Shareholders to the Arrangement and exercise of Dissent Rights must be received by ParentCo not later than 9:00 a.m. (Pacific Time) on the Business Day that is two Business Days before the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their ParentCo Shares, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their ParentCo Shares to ParentCo as of the Effective Time in consideration for a debt claim against ParentCo to be paid the fair value of such ParentCo Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their ParentCo Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of ParentCo Shares, and shall be entitled to receive only the securities contemplated in Section 3.1 hereof (less any amounts withheld pursuant to Section 3.7 hereof) that such ParentCo Shareholder would have received pursuant to the Arrangement if such ParentCo Shareholder had not exercised Dissent Rights.

4.2 Recognition of Dissenting Shareholders. In no circumstances shall ParentCo, Spinco 1, Spinco 2 and BatteryCo or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those ParentCo Shares in respect of which such rights are sought to be exercised. From and after the Effective Date, neither ParentCo, Spinco 1, Spinco 2 and BatteryCo nor any other Person shall be required to recognize a Dissenting Shareholder as a shareholder of ParentCo or , Spinco 1, Spinco 2 and BatteryCo and the names of the Dissenting Shareholders shall be deleted from the register of holders ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares previously maintained or caused to be maintained by ParentCo, , Spinco 1, Spinco 2 or BatteryCo.

4.3 Reservation of Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares. If a ParentCo Shareholder exercises the Dissent Right, ParentCo shall on the Effective Date set aside and not transfer that portion of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares which is attributable to the ParentCo Shares for which Dissent Rights have been exercised. If the dissenting ParentCo Shareholder is ultimately not entitled to be paid for their Dissenting Shares, ParentCo shall distribute to such ParentCo Shareholder his or her pro rata portion of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares. If a ParentCo Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then ParentCo shall retain the portion of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares attributable to such ParentCo Shareholder and such shares will be dealt with as determined by the Board of Directors of ParentCo in its discretion.

ARTICLE 5 CERTIFICATES

5.1 Share Certificates. Recognizing that

- (a) the ParentCo Shares shall be exchanged for Class A Shares pursuant to section 3.1(k), ParentCo shall not issue replacement share certificates representing the ParentCo Shares; and
- (b) the Class A Shares shall be redesignated and renamed as 'Common Shares', ParentCo shall not issue replacement share certificates representing the Class A Shares;

5.2 Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares. Recognizing that the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares issued to ParentCo under Sections 3.1(c), 3.1(d), 3.1(f) and 3.1(h) shall be distributed by ParentCo to the ParentCo Shareholders pursuant to the provisions of Section 3.1(k), Spinco 1, Spinco 2 and BatteryCo shall issue one share certificate representing all of the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares registered in the name of ParentCo, which share certificates shall be held by ParentCo until such shares are distributed by ParentCo to the ParentCo Shareholders and such certificates shall then be cancelled and certificates representing any remaining shares held by ParentCo shall be issued.

5.3 Certificates for Spinco 1, Spinco 2 and BatteryCo. As soon as practicable following the Effective Date, Spinco 1, Spinco 2 and BatteryCo shall cause to be issued to the registered holders of Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares as of the Effective Time, share certificates representing the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares of which each such ParentCo Shareholder will be the registered holder at the close of business on the Effective Date, and shall deliver or arrange to be delivered to the Depository certificates representing the SpinCo 1 Shares, SpinCo 2 Shares and BatteryCo Shares required to be issued to registered holders of ParentCo Shares in accordance with the provisions of Section 3.1(k), which certificates shall be held by the Depository as agent and nominee for such registered ParentCo Shareholders for distribution to such registered ParentCo Shareholders in accordance with the provisions of Section Error! Reference source not found. hereof.

5.4 New ParentCo Share Certificates. From and after the Effective Time, ParentCo shall deliver or arrange to be delivered to the Depository new share certificates representing the New ParentCo Shares to be issued to registered holders of ParentCo Shares in accordance with the provisions of Section 3.1(k), which certificates shall be held by the Depository as agent and nominee for such registered ParentCo Shareholders for distribution to such registered ParentCo Shareholders in accordance with the provisions of Section Error! Reference source not found. hereof.

ARTICLE 6 DELIVERY OF SHARES

6.1 Delivery of ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares.

- (a) Upon surrender to the Depository for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding ParentCo Shares, together with such other documents and instruments as would have been required to effect the transfer of the ParentCo Shares formerly represented by such certificate under the BCBCA and the articles of ParentCo and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder following

the Effective Time, a certificate representing the New ParentCo Shares and certificates representing the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof.

- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 6.1(a) hereof, each certificate that immediately prior to the Effective Time represented one or more ParentCo Shares shall be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New ParentCo Shares and certificates representing the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares that the holder of such certificate is entitled to receive in accordance with Section 3.1 hereof.

6.2 Lost Certificates. If any certificate that immediately prior to the Effective Time represented one or more outstanding ParentCo Shares that were exchanged for New ParentCo Shares and Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares in accordance with Section 3.1 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depository shall deliver, in exchange for such lost, stolen or destroyed certificate, certificates representing the New ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof. When authorizing such delivery in exchange for such lost, stolen or destroyed certificate, the holder to whom such delivery is to be made shall, as a condition precedent to such delivery, give a bond satisfactory to ParentCo, Spinco 1, Spinco 2, BatteryCo and the Depository in such amount as ParentCo, ParentCo, Spinco 1, Spinco 2, BatteryCo and the Depository may direct, or otherwise indemnify ParentCo, ParentCo, Spinco 1, Spinco 2, BatteryCo and the Depository in a manner satisfactory to ParentCo, ParentCo, Spinco 1, Spinco 2, BatteryCo and the Depository, against any claim that may be made against ParentCo, ParentCo, Spinco 1, Spinco 2, BatteryCo or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed, and shall otherwise take such actions as may be required by the articles of ParentCo.

6.3 Distributions with Respect to Unsurrendered Certificates. No dividend or other distribution declared or made after the Effective Time with respect to New ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding ParentCo Shares, unless and until the holder of such certificate shall have complied with the provisions of Section 6.1 or Section 6.2 hereof. Subject to applicable Law and to Section 6.4 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the New ParentCo Shares and a certificate representing the Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares to which such holder is entitled in accordance with Section 3.1 hereof, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares.

6.4 Limitation and Proscription. To the extent that a Former ParentCo Shareholder shall not have complied with the provisions of Section 6.1 or Section 6.2 hereof on or before the date that is six years after the Effective Date (the “**final proscription date**”), then the New ParentCo Shares, Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares that such Former ParentCo Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and:

- (a) the Depository shall deliver the certificates representing such New ParentCo Shares to which such Former ParentCo Shareholder was entitled, to ParentCo and ParentCo shall cancel such share certificates, and the interest of the Former ParentCo Shareholder in such New ParentCo Shares to which it was entitled shall be terminated; and

- (b) the Depositary shall deliver the certificates representing such Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares to which such Former ParentCo Shareholder was entitled to and Spinco 1, Spinco 2 and BatteryCo shall cancel such share certificates, and the interest of the Former ParentCo Shareholder in such Spinco 1 Shares, Spinco 2 Shares and BatteryCo Shares to which it was entitled shall be terminated,

as of such final proscription date.

ARTICLE 7

AMENDMENT AND FURTHER ASSURANCES

7.1 Amendments to Plan of Arrangement.

- (a) The Arrangement Agreement and the Plan of Arrangement may be amended at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time; provided that any such amendment (i) is in writing and is agreed to in writing by the Parties; (ii) if required, is filed with the Court; and (iii) if made following the Meeting, is approved by the Court and, if and as required by the Court, is communicated to Former ParentCo Shareholders and/or consented to by Former ParentCo Shareholders.
- (b) Any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:
 - (i) change the time for performance of any of the obligations or acts of the Parties;
 - (ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;
 - (iii) waive compliance with or modify any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the Parties; and/or
 - (iv) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.
- (c) Any amendment made before the Meeting in accordance with this Section 7.1 may be made with or without any other prior notice or communication and, if accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Agreement and the Plan of Arrangement for all purposes.

7.2 Further Assurances. Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, ParentCo, Spinco 1, Spinco 2, VanadiumCo and BatteryCo shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

EXHIBIT I

	Location	Name (Desc)	ID number	Type	Registered Owner
Canada	Minago	VIC 24	MB10193	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 25	MB10194	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 26	MB10195	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 27	MB10196	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 28	MB10197	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 29	MB10198	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 30	MB10199	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11497	MB11497	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11498	MB11498	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11499	MB11499	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11500	MB11500	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11536	MB11536	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11537	MB11537	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11538	MB11538	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11539	MB11539	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11540	MB11540	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11541	MB11541	Mineral	Silver Elephant Mining Corp

Canada	Minago	VIC 11542	MB11542	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11543	MB11543	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11544	MB11544	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11545	MB11545	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11546	MB11546	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11547	MB11547	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11548	MB11548	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11549	MB11549	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11550	MB11550	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 1	MB5390	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 2	MB5391	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 3	MB5392	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 4	MB5393	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 5	MB5394	Mineral	Silver Elephant Mining Corp
Canada	Minago	BARNEY 6	MB5395	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 1	MB7027	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 2	MB7028	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 3	MB7029	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 6	MB7030	Mineral	Silver Elephant Mining Corp

Canada	Minago	MIN 7	MB7031	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 9	MB7032	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 8	MB7033	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 10	MB7066	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 11	MB7067	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 12	MB7141	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 13	MB7142	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 14	MB7143	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 15	MB7144	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 16	MB7145	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 17	MB7146	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 18	MB7147	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 19	MB7148	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 20	MB7149	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 21	MB7150	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 22	MB7151	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 23	MB7152	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 24	MB7153	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 25	MB7154	Mineral	Silver Elephant Mining Corp

Canada	Minago	MIN 26	MB7155	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 27	MB7156	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 28	MB7157	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 29	MB7158	Mineral	Silver Elephant Mining Corp
Canada	Minago	DAD	MB8497	Mineral	Silver Elephant Mining Corp
Canada	Minago	TOM F	MB8549	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 1	MB8780	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 2	MB8781	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 3	MB8782	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 4	MB8783	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 5	MB8784	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 6	MB8785	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 7	MB8786	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 8	MB8787	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 9	MB8788	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 10	MB8789	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 11	MB8790	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 12	MB8791	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 13	MB8792	Mineral	Silver Elephant Mining Corp

Canada	Minago	VIC 19	MB8935	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 20	MB8936	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 21	MB8937	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 22	MB8938	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 23	MB8939	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 16	MB8947	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 17	MB8948	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 18	MB8949	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 14	MB8979	Mineral	Silver Elephant Mining Corp
Canada	Minago	VIC 15	MB9000	Mineral	Silver Elephant Mining Corp
Canada	Minago	BRY 18	P235F	Mineral	Silver Elephant Mining Corp
Canada	Minago	BRY 20	P237F	Mineral	Silver Elephant Mining Corp
Canada	Minago	BRY 21	P238F	Mineral	Silver Elephant Mining Corp
Canada	Minago	BRY 22	P239F	Mineral	Silver Elephant Mining Corp
Canada	Minago	KON 1	P2527F	Mineral	Silver Elephant Mining Corp
Canada	Minago	KON 2	P2528F	Mineral	Silver Elephant Mining Corp
Canada	Minago	KON 3	P2529F	Mineral	Silver Elephant Mining Corp
Canada	Minago	KON 4	P2530F	Mineral	Silver Elephant Mining Corp
Canada	Minago	MIN 4	W48594	Mineral	Silver Elephant Mining Corp

Canada	Minago	MIN 5	W48595	Mineral	Silver Elephant Mining Corp
Canada	Minago	ML2	G12659	Mineral	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago	ML3	G5751	Mineral	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-1853	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-1910	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-1911	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-1912	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-1913	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)
Canada	Minago		QL-2067	Quarry	Victory Nickel (Transfer to Silver Elephant in progress)

EXHIBIT II

Royalty Agreement dated August 25, 2021 between ParentCo and Asia Mining Inc.

Royalty Agreement dated August 25, 2021 between ParentCo and Nevada Vanadium Mining Corp.

Royalty Agreement dated August 25, 2021 between ParentCo and Ilumina Silver Mining Corp.

Royalty Interest Agreement dated August 25th,2021 made by ParentCo in respect of the Minago Assets.

Royalty Interest Agreement dated August 25th,2021 made by ParentCo in respect of the Titan claims.

EXHIBIT III

[See attached]

EXHIBIT 8.1
LIST OF SUBSIDIARIES

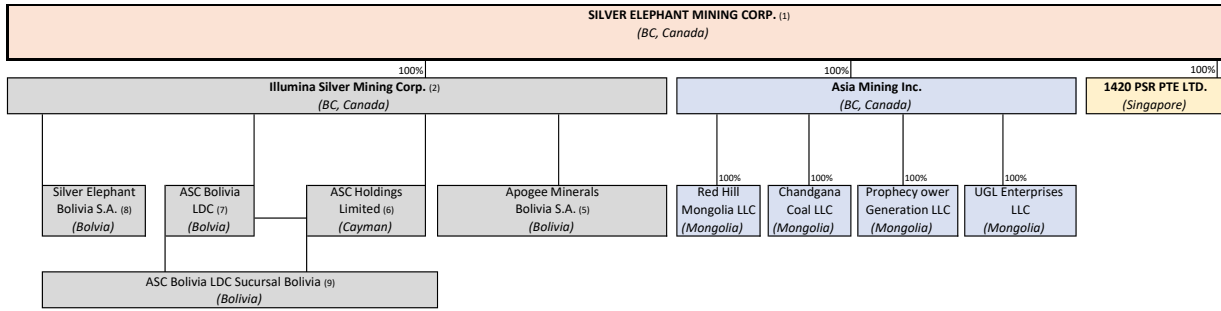


EXHIBIT 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Lee, certify that:

1. I have reviewed this annual report on Form 20-F of Silver Elephant Mining Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 6, 2022

/s/ John Lee
John Lee
Chief Executive Officer

EXHIBIT 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Irina Plavutska, certify that:

1. I have reviewed this annual report on Form 20-F of Silver Elephant Mining Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 6, 2022

/s/ Irina Plavutska

Irina Plavutska
Chief Financial Officer

EXHIBIT 13.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 20-F of Silver Elephant Mining Corp. (the "Company") for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, John Lee, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ John Lee

John Lee
Chief Executive Officer

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 13.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 20-F of Silver Elephant Mining Corp. (the "Company") for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Irina Plavutska, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

/s/ Irina Plavutska

Irina Plavutska
Chief Financial Officer

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 15.2

S-K 1300 TECHNICAL REPORT SUMMARY FOR THE PULACAYO PROJECT

**S-K 1300 Technical Report Summary
For The
Pulacayo Project**

Potosí Department, Antonio Quijarro Province, Bolivia

Prepared For:

Silver Elephant Mining Corp.
Suite 1610 - 409 Granville Street
Vancouver, BC V6C 1T2 Canada

Prepared By:

Matthew Harrington, B.Sc., P.Geol.
Michael Cullen, M.Sc., P.Geol.
Osvaldo Arce, Ph.D., P.Geol.

Effective Date: April 29, 2022

Signature Date: May 2, 2022

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1.0 Executive Summary

1.1 Introduction

Mercator Geological Services Limited (“Mercator”) was retained by Silver Elephant Mining Corp. (“Silver Elephant”, the “Company”, or the “Registrant”) to prepare a Technical Report Summary (“TRS”) on its Pulacayo and Paca silver-zinc-lead deposits located at Pulacayo, Bolivia (collectively known as the “Pulacayo Project”). The purpose of this TRS is to support the disclosure of the Pulacayo and Paca mineral resource estimates and exploration and drilling activities on the Pulacayo Project as of April 29, 2022. Mercator has prepared this TRS from a current, National Instrument 43-101 (“NI 43-101”) Technical Report on the Pulacayo Project that summarizes the mineral resource estimates for the Pulacayo and Paca deposits, both with effective dates of October 13, 2020. This TRS reports these two mineral resource estimates and has been made current with the addition of recent exploration drilling results by Silver Elephant completed after the 2020 mineral resource estimates were disclosed in the NI 43-101 technical report.

Silver Elephant intends to file this TRS as an exhibit to its Annual Report on Form 20-F on Electronic Data Gathering, Analysis, and Retrieval (EDGAR) to support Silver Elephant’s disclosure on the Pulacayo Project. This TRS conforms to the United States Securities and Exchange Commission’s (SEC) Modernized Property Disclosure Requirements for Mining Registrants as described in Subpart 229.1300 of Regulation S-K, Disclosure by Registrants Engaged in Mining Operations (S-K 1300) and Item 601 (b)(96) Technical Report Summary.

This TRS is current as of April 29, 2022. The mineral resource estimates disclosed in this TRS have effective dates of October 13, 2020. This is the first TRS prepared under Regulation S-K 1300 for Silver Elephant.

Silver Elephant is a Canadian mining corporation and registrant with the SEC that is required to report its exploration and drilling results, and mineral resources using the mining disclosure standards under Regulation S-K 1300. Silver Elephant is publicly-listed on the Toronto Stock Exchange (“TSX”) under the symbol “ELEF” and the OTCQX Market under the symbol “SILEF”. The Company was previously named Prophecy Development Corp. (“Prophecy”) until March 2020. This TRS reports mineral resource estimates for the Pulacayo Project completed under the Canadian CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014). The mineral resource estimates also conform with the mineral resource categories described in Regulation S-K 1300. There have been no material changes to the mineral resource estimates since their completion on October 13, 2020, despite a minor amount of additional exploration drilling being completed on parts of the Pulacayo Project since this time. After their detailed

review of this additional drilling data, the report authors are of the opinion that this additional drilling has had no material impact on the mineral resource estimates presented in this TRS.

Prophecy acquired a 100% interest in the Pulacayo and Paca deposits in early 2015 through purchase of Apogee Minerals Bolivia S.A. (Apogee) and ASC Holdings Limited (ASC), all of which were wholly-owned subsidiaries of the previous owner, Apogee Silver Ltd. Following purchase of the subsidiaries of Apogee Silver Ltd., Silver Elephant found it necessary to differentiate the various mineralized bodies relative to the whole project. Thus, the term “Pulacayo Project” as applied in this TRS refers to the full license portfolio as described herein. This includes all mineralized bodies located within, and the total of all activities related to, the portfolio of mineralized bodies. Mineralized bodies are termed ‘deposits’ once they are spatially defined by exploration work such as drilling, trenching and underground investigations. At this time, the Pulacayo Project contains two main deposits, these being the Pulacayo and Paca deposits, and these are the subjects of the mineral resource estimates presented in this TRS. Other named mineral prospects that are not currently well defined also occur within the Pulacayo Project, examples being Pero and Paca Mayo.

Terms of reference for the Pulacayo and Paca mineral resource estimates presented in this TRS were established through discussion with Silver Elephant in early 2020. They reflect the Company’s interest in assessing the Pulacayo Project primarily in terms of open-pit mining potential. This differs substantially from historical resource estimates for the Pulacayo Project that focused specifically on definition of high-grade mineralization having the potential for future economic extraction using underground mining methods.

The current mineral resource estimates for the Pulacayo Project are based upon validated results for all core drilling completed by Apogee and ASC in the 2002 to 2009 period, additional drill holes completed by Apogee during 2010 and 2011, results from 6 Apogee surface trenches, results from systematic sampling carried out by ASC in 2006 at the Esmeralda underground workings that test a portion of the Paca deposit, and all drilling completed at both the Paca and Pulacayo deposits by Silver Elephant in 2019 to early 2020.

1.2 Location and Property Description

The Pulacayo and Paca silver-zinc-lead deposits are located approximately 18 km northeast of the city of Uyuni, in the Department of Potosi in southwestern Bolivia and form part of Silver Elephant’s Pulacayo Project. The site is 460 km south southeast of the national capital, La Paz, and 130 km southwest of the city of Potosi. Silver Elephant acquired a 100% interest in the Pulacayo Project in early 2015 through purchase of Apogee Minerals Bolivia S.A. (Apogee), ASC

Holdings Limited and ASC Bolivia LDC (“ASC”). These firms were wholly-owned subsidiaries of the previous owner, Apogee Silver Ltd.

The current land holdings that comprise the Pulacayo Project cover 3,560 ha of surface area and are listed below in Table 1.1. Silver Elephant has advised that all mineral titles and associated agreement and permits were in good standing at the effective date of this TRS.

Table 1.1: Silver Elephant’s Pulacayo Project Exploration Holdings

*STA	Titleholder	Size (ha)	Patentes Payment	Registration Number	Location
Pulacayo	COMIBOL	1,031	Payment is not required*	512-01015	Pulacayo
Porvenir	COMIBOL	1,199	Payment is not required*	512-01165	Pulacayo
Huanchaca	COMIBOL	470	Payment is not required*	512-03903	Pulacayo
Galería General	COMIBOL	76	Payment is not required*	512-01160	Pulacayo
Subtotal		2,776			
Temeridad	COMIBOL	10	Payment is not required*	512-00992	Paca
Real del Monte	COMIBOL	24	Payment is not required*	512-00994	Paca
Apuradita	ASC Bolivia LDC	750	2017	512-03652	Paca
Subtotal		784			
Grand Total		3,560			

* Special Transitory Authorization – formerly mining concession

The report authors have visited the Pulacayo Project site on three separate occasions to support preparation of historical resource estimates and report author Dr. Arce visited the site in September 2020 in support of the current mineral resource estimates and associated technical reporting. Results of data verification activities carried out by the report authors and the site visits indicate that the Pulacayo Project datasets are of the highest industry standard in quality and suitable to support the current mineral resource estimates disclosed in this TRS.

1.3 Geology and Mineralization

The Pulacayo Project includes both the Pulacayo and Paca deposits, which are located on the western flank of a regional anticline that affects sedimentary and igneous rocks of Silurian, Tertiary and Quaternary ages on the western side of the Cordillera Oriental, near the Cordillera-

Altiplano boundary. The Uyuni-Khenayani Fault is a reverse fault that crosses the project area and is believed to have controlled localization of volcanic center complexes at Cuzco, Cosuño, Pulacayo and San Cristóbal and related mineralized areas at Pulacayo, Cosuño, El Asiento, Carguaycollu and San Cristóbal. This fault brings Tertiary sediments in contact with Paleozoic formations at surface and is located about 4 km west of Pulacayo. The Pulacayo Project mineralized zones at Pulacayo, Pacamayo and Paca all occur on the west flank of a north-south striking anticline and local topographic highs define Lower Miocene dacitic-andesitic domes and stocks associated with caldera resurgence that intrude the folded section. A younger Miocene-Pliocene phase of volcanism is also superimposed on the anticlinal trend and is marked by pyroclastic deposits and flows of andesitic and rhyolitic composition. Ignimbrites associated with the Cosuño Caldera are the youngest volcanic deposits in the area. A dacitic to andesitic dome complex at the Pulacayo property intruded the folded sedimentary section and forms the main topographic highs that occur on the property.

Mineralization comprising the Pulacayo mineral resource estimate is defined by the extent of modern-era diamond core drilling along the Tajo Vein System (“TVS”) in the vicinity of historic underground workings. The workings extend over a strike length of approximately 2.7 km and to a vertical depth from surface of about 1 km. Modern drilling coverage is present for approximately 1.5 km of the known deposit strike length and extends to a vertical depth of approximately 550 m below surface.

The extent of mineralization comprising the current Paca deposit mineral resource estimate is defined by the extent of modern era diamond core drilling along a strike length of approximately 750 m and north-south extent of approximately 700 m. Limited underground exploratory workings accessible from the Esmeralda adit are present along approximately 100 m of the deposit’s strike length in its central area.

Mineralization of economic interest at the Pulacayo deposit occurs within the Tertiary age Pulacayo volcanic dome complex that consists of older sedimentary rocks of the Silurian Quenhua Formation plus intruding andesitic volcanic rocks of the Rothchild and Megacrystal units. Mineralization hosted by volcanic rocks can occur over tens of metres in thickness and typically consists of discrete veins plus stockworks of narrow veins and veinlets that occur within argillic alteration host rock envelopes. At deeper levels, high grade veins that are typically less than a few metres in width are hosted by sedimentary lithologies. Veins are commonly banded in texture and can contain semi-massive to massive sulphides. Primary minerals of economic importance at Pulacayo are tetrahedrite, galena and sphalerite, with additional silver sulfosalts and native silver also contributing to deposit silver grades. Mineralization is controlled by an

east-west oriented normal fault system that links two northeast trending, steeply dipping, regional strike slip faults.

Mineralization of economic interest at the Paca deposit occurs in association with the same Tertiary age volcanic dome complex that produced the Pulacayo deposit and takes the form of thin veinlets, fracture fillings and disseminations hosted by altered volcanoclastic sedimentary lithologies and altered intermediate to felsic igneous lithologies. These occur in direct association with mineralized igneous or hydrothermal breccia zones. The intensity of argillic alteration is greatest in areas of highest concentrations of metallic mineral phases such as sphalerite, galena, argentite and tetrahedrite. Stratabound disseminated mineralization and breccia hosted mineralization predominate within the deposit, but discrete mineralized veins are also present locally. The deposit occurs at the contact between an andesitic intrusive complex and volcanoclastic sedimentary host lithologies. Bedded and cross-cutting breccia deposits that are important hosts to higher-grade mineralization commonly show close spatial association with the contact zone of the andesitic intrusion.

The Pulacayo and Paca deposits are interpreted to be low to transitional sulphidation epithermal deposits that contain both precious and base metal mineralization.

1.4 History

The Pulacayo area has a very long history of exploration and mining, with this dominated by the Pulacayo deposit itself, where most work has been concentrated on mineralized systems that comprise the TVS and related systems. In contrast, the history of Paca deposit exploration forms a relatively small part of the long-term exploration and mining history of the area. Exploration and related studies carried out since 2001 by Apogee and related firms form the bulk of modern era work completed in the Pulacayo Project area and include over 91,900 m of core drilling, completion of a feasibility study in 2012, and several historical resource estimates.

Modern exploration of the Pulacayo and Paca areas began to a limited degree in the 1980's when various mining and exploration companies targeted epithermal silver and gold mineralization within the volcanic-intrusive system present in the area. In 2001, ASC initiated an exploration program in the district, signed agreements with the Cooperative and COMIBOL and completed programs of regional and detailed geological mapping, topographic surveying and sampling of historical workings. In part, these work programs included the Paca deposit, where 3,130 m of core drilling and 896 m of reverse circulation (RC) drilling were completed and a historical resource estimate was prepared. ASC also completed core drilling campaigns at Pulacayo.

In 2005, Apogee signed a joint venture agreement with ASC and subsequently commenced exploration in the region in early 2006. Extensive exploration, economic evaluation, metallurgical studies, mine and mill permitting environmental studies and underground test mining programs were subsequently carried out by Apogee between 2006 and 2015 when the Pulacayo Project was purchased by Silver Elephant's precursor, Prophecy Development Corp. (Prophecy). Work was carried out on both the Pulacayo and Paca deposits during this period, with emphasis placed on Pulacayo. Combined results of the ASC and Apogee diamond drilling programs carried out between 2002 and 2012 contributed to the several historical resource estimates originally prepared in accordance with NI 43-101 and the CIM Standards in place at the time, and also supported a 2013 Feasibility Study focused on underground mining, which is no longer considered valid. Since 2001, ASC and Apogee completed 88,596 m of drilling from surface and underground on the Pulacayo Project, with Apogee programs accounting for 79,129 m of this total.

1.5 Exploration and Drilling

Silver Elephant has completed various geological mapping and surface sampling programs over several areas of mineralization on the Pulacayo Project during the 2015 through 2017 period. Recent exploration activities completed by Silver Elephant include a geological mapping and chip sample program completed in 2020 and 2021 for the Paca deposit and a San Leon Tunnel geological mapping and chip sample program.

Silver Elephant initiated a 7-hole surface diamond drill program at the Paca deposit in September of 2019 and completed the program in October of 2019. Seven holes were completed for a total of 860 m. Silver Elephant also initiated surface drilling at the Pulacayo deposit in December of 2019 and concluded in February of 2020. A total of 3,277.4 meters of drilling was completed in 18 drillholes. Results of the 2019-2020 were incorporated into the current mineral resource estimate and contribute to 91,873 m of drilling combined for both deposits, the balance of which was completed by ASC and Apogee during the 2002 to 2012 period.

Additional drilling completed by Silver Elephant in late 2020 and early 2021 and described in this TRS are considered exploration drilling programs. A total of 13 drill holes for a total of 2,263 m were completed on the Paca Deposit and a total of 10 drill holes for 3,608 m were completed on the Pulacayo Deposit. Several drill holes occur within the limits of current mineral resources for both deposits and the QP authors are of the opinion they confirm the style and character of mineralization demonstrated in previous drilling results. The majority of late 2020 and early 2021 drill holes are located outside of the current mineral resource estimate. The QP authors are of the opinion that the late 2020 and early 2021 drilling program results have no material impact

on the current mineral resource estimate for the Pulacayo Project. They are disclosed below to summarize all drilling completed on the Pulacayo Project as of the effective date of this TRS and were completed subsequent of the current mineral resource estimate effective October 13th, 2020.

1.6 Mineral Processing and Metallurgical Testing

No new mineral processing or metallurgical testing programs have been completed for the Pulacayo or Paca deposits by Silver Elephant since their acquisition of the Pulacayo Project in January 2015. Several historical metallurgical testing programs were carried out by Apogee with respect to the Pulacayo deposit during the 2003 through 2013 period and one program was carried out in 2002 with respect to the Paca deposit by ASC.

1.7 Mineral Resource Estimates

The definition of mineral resources and associated mineral resource categories used in this TRS are based on the Canadian National Instrument 43-101 (NI 43-101) standards and defined in the CIM Definition Standards for Mineral Resources and Mineral Reserves (adopted May 2014). Mineral Resources are classified based on the density of the drill hole data, the continuity of the mineralized zones, and determining reasonable prospects for economic extraction. The mineral resource classification used in this TRS complies with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300. All assumptions, metal threshold parameters, and deposit modeling methodologies associated with the Pulacayo and Paca deposits mineral resource estimates are presented in Section 11 of this TRS.

The mineral resource estimate for the Pulacayo Project consists of separate contributing mineral resource estimates for the Pulacayo and Paca deposits and was prepared and reviewed by report authors and Qualified Persons M. Harrington, P.Geo. and M. Cullen, M.Sc. P.Geo., both of Mercator. Mr. Harrington is responsible for the Pulacayo Project mineral resource estimates both with an effective date of October 13, 2020. Geovia Surpac[®] Version 2020 was used to create the Pulacayo Project block models and associated geological and grade solids, and to interpolate silver-zinc-lead grades. A tabulation of the mineral resources for the Pulacayo Project is presented below in Table 1.2.

Report author M. Harrington concludes that the mineral resource estimates disclosed in this TRS for the Pulacayo Project (Pulacayo and Paca deposits) have reasonable prospects for economic extraction based on the following technical and economic factors:

- Pit Constrained mineral resources were defined for each deposit within optimized pit shells developed using Geovia Whittle software utilizing the Pseudoflow algorithm;
- Sulphide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and general and administration (G&A) costs at US\$12.50 per tonne processed, and haulage costs at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Oxide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3 year trailing average Ag price of US\$16.45/Troy oz. ending in July of 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Couer Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3 year trailing averages ending in July of 2020. Silver price used for oxide zone mineral resources is US\$17/oz AG based on the same factors discussed above;
- Metal recoveries of 89.2% Ag, 91.9% Pb, and 82.9% Zn for sulphide zone mineral resources and 80% Ag recovery for the oxide zone mineral resources were used and reflect historical metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 Feasibility Study by TWP (Porter et al. 2013);
- Pit Constrained sulphide mineral resources are reported at a cut-off grade value of 30 g/t silver equivalent (AgEq – refer to metal equivalent calculation in Section 11.1.2) within optimized pit shells;
- Pit Constrained oxide mineral resources are reported at a cut-off grade value of 50 g/t silver (Ag) within optimized pits shells;
- Pit Constrained cut-off grades are based on total operating costs and reflect reasonable prospects for economic extraction using conventional open-pit mining methods; and
- Out of Pit mineral resources are reported external to the optimized pit shells at a cut-off grade of 100 g/t AgEq. Out of Pit mineral resources are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long-hole stoping techniques based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Table 1.2: Pulacayo Project Mineral Resource Estimate – Effective Date: October 13, 2020*

Pit Constrained Mineral Resources								
Deposit(s)	Cut -off	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	AgEq g/t
Pulacayo	50 Ag g/t	Oxide	Indicated	1,090,000	125			
			Inferred	25,000	60			
	30 AgEq g/t	Sulfide	Indicated	24,600,000	76	0.70	1.63	156
			Inferred	745,000	82	0.61	1.79	164
Paca	50 Ag g/t	Oxide	Indicated	1,095,000	185			
			Inferred	345,000	131			
	30 AgEq g/t	Sulfide	Indicated	20,595,000	46	0.67	1.07	106
			Inferred	3,050,000	46	0.65	0.76	94
Out of Pit Mineral Resources								
Pulacayo	100 AgEq g/t	Sulfide	Indicated	660,000	268	0.44	1.35	307
			Inferred	900,000	179	0.42	2.14	257
Combined Pit Constrained and Out of Pit Mineral Resources**								
Pulacayo and Paca	50 Ag g/t	Oxide	Indicated	2,185,000	155			
			Inferred	370,000	126			
	30/100 AgEq g/t	Sulfide	Indicated	45,855,000	65	0.69	1.37	136
			Inferred	4,695,000	77	0.60	1.19	136

* See detailed notes on mineral resources are shown in Sections 11.2.13 and 11.3.12

** “Combined Pit Constrained and Out of Pit Mineral Resources” for the Pulacayo Project is the tonnage-weighted average summation of the Pulacayo deposit Pit Constrained and Out of Pit mineral resources and the Paca deposit Pit Constrained mineral resource.

1.8 Interpretations and Conclusions

Based on results of the current 2020 mineral resource estimates disclosed in this TRS, the report authors conclude that detailed economic assessment studies are warranted going forward to assess the economic viability of a combined open-pit mining scenario for the Pulacayo and Paca deposits with the possibility of underground mining opportunities. The current mineral resource estimates for the Pulacayo Project represents a 226% increase in total sulphide zone contained silver metal equivalent from the 2017 historical resource estimate and includes definition of a new oxide zone mineral resource. Increases in total contained metal directly reflect the transition from a low tonnage high grade assessment approach applied in the 2017 historical estimate to the low grade, open-pit mining concept of the current mineral resource estimates.

Significant risks and uncertainties related to the Pulacayo Project include, but are not limited to, the following:

1. Political instability of the host country or region;
2. Site environmental conditions that affect deposit access;
3. Issues associated with legal access to sufficient land areas to support development and mining;
4. Lack of certainty with respect to mineral tenure and development regulatory regimes;
5. Lack of social licence for project development;
6. Unforeseen negative market pricing trends;
7. Inadequacy of deposit modelling and grade estimation programs with respect to actual metal grades and tonnages contained within the deposit; and
8. Metallurgical recoveries that fall within economically acceptable ranges cannot be attained.

With specific reference to items 1, 3 and 5 above, Silver Elephant and its predecessor, Apogee, in combination have had a long-tenured presence in the Pulacayo region and a long history of positive community initiatives that have been met with support. These factors should reduce overall project risk related to political and social licence issues. The relatively high grades of much of the Pulacayo Project mineralization should provide some protection from future decreases in metal pricing. Technical work carried out to date on the project has served to further reduce the risks associated with items 7 and 8 above.

The report authors do not foresee any other significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration results and current mineral resource estimates disclosed in this TRS.

1.9 Recommendations

The report authors are of the opinion that further technical and financial assessment of a large open-pit development scenario for the Pulacayo Project is warranted and that both mineral resource extension and new mineral resource definition opportunities exist on the Pulacayo Project and warrant future exploration. Recommendations arising from the current mineral resource estimates and recent project reviews include:

1. Open pit planning, geological and engineering studies of sufficient detail to support a PEA of future development possibilities for the Pulacayo and Paca deposits.

2. The Paca deposit currently lacks up to date, comprehensive metal recovery information and completion of definitive metallurgical studies for the deposit are recommended for the next phase of project assessment. Additional metallurgical studies should focus on low grade oxide and sulphide mineralization for the Pulacayo deposit. Results of such studies would provide necessary inputs for the future definition of Mineral Reserves.
3. Historical mine workings are present to a substantial depth below the base of the current detailed digital workings model for the Pulacayo deposit prepared by report author M. Harrington. These additional workings are defined in hard copy historical mine records and should be digitally compiled and merged with the current digital workings model to support future work on the Pulacayo deposit. Historical assay results for underground sampling of mine workings have not been digitized to date and it is recommended that this be carried out, beginning within current mineral resource areas and progressing systematically through deeper mine levels. Continued evaluation and validation of the current workings model is also warranted.
4. The Pulacayo deposit remains open along strike to the east and west and also down-dip. Further core drilling to define potential resource extensions is warranted and should be focused on extensions of both low and high grade metal trends that are defined by the current block model. Target opportunities within approximately 200 vertical m of surface should have highest priority. An initial drilling program of 5,000 m is recommended at Pulacayo.
5. Additional infill drilling is recommended to upgrade mineral resource categorizations and further define metal grade trends within the Paca deposit. Infill drilling of the currently defined deposit should be carried out at 50 m spaced sections along the length of the deposit. This drilling program should include initial testing of potential deposit extension areas both down dip and along strike to both east and west. An infill drilling program of 5,000 m is recommended at Paca.
6. Initial drilling assessments of the main tailings/waste rock deposits sampled by Silver Elephant in 2014 and 2015 should be completed to support future definition of mineral resources for these deposits. A study to determine the most effective method of drilling to apply in such an assessment is recommended.
7. An updated mineral resource estimate for the Pulacayo Project should be prepared after completion of the deposit extension and infill drilling programs noted above.

8. If warranted, definition drilling of the waste rock and tailings areas should be carried out to determine its mineral resource potential.
9. A PEA for the Pulacayo Project based on updated mineral resource estimates as described above is also recommended. PEA results should provide guidance regarding subsequent initiation of Pre-Feasibility or Feasibility level studies required to define mineral reserves.
10. Community and social impact studies, stakeholder engagements, and baseline environmental studies to support the potential future mining development of the Pulacayo Project should also commence immediately.

A recommended work program with an estimated budget of US\$3.61 million is proposed to support further evaluation of the deposits comprising the Pulacayo Project (Table 1.3). Estimated expenditures are ordered within a two-phase framework, with Recommendations 1 through 7 above assigned to Phase 1 and Recommendations 8 through 10 above assigned to Phase 2. The Company's advancement to Phase 2 would be contingent upon the results of Phase 1.

Table 1.3: Proposed Pulacayo Project Budget - Phases 1 and 2

Program Phase	Program Component	Estimated Cost (US\$)
1	Open-pit mine planning, geological and geotechnical engineering studies	200,000
1	Metallurgical studies	200,000
1	Expansion of digital mine model and addition of historic assay data	50,000
1	Resource extension, infill and exploratory surface and underground diamond drilling programs analyses, support and reporting – 10,000 m total	1,800,000
1	Waste rock study	75,000
1	Continuation of community relations, support and environmental monitoring programs	75,000
1	Completion of an updated Pulacayo deposit mineral resource estimate and TRS after completion of drilling	75,000
	Subtotal Phase 1	2,475,000
2	Drilling assessment of tailings/waste rock areas and, if results warrant, completion of a mineral resource estimate for tailings/waste rock deposits (2,000 m of shallow drilling plus analyses and support)	435,000
2	Completion of a PEA that includes all Pulacayo and Paca deposit mineral resources based on an updated mineral resource estimate noted in Phase 1 above and the Phase 2 Waste Rock mineral resource estimate, if applicable, to determine future Pre-feasibility or Feasibility study requirements	250,000
2	Continuation of community relations, social impact studies, and baseline environmental studies	150,000
	Subtotal Phase II	835,000
	Total Phase I and II	3,310,000
	Contingency	300,000
	Grand Total	3,610,000

2.0 Introduction

Mercator Geological Services Limited (“Mercator”) was retained by Silver Elephant Mining Corp. (“Silver Elephant”, the “Company”, or the “Registrant”) to prepare a Technical Report Summary (“TRS”) on its Pulacayo and Paca silver-zinc-lead deposits located at Pulacayo, Bolivia (collectively known as the “Pulacayo Project”). The purpose of this TRS is to support the disclosure of the Pulacayo and Paca mineral resource estimates and exploration and drilling activities on the Pulacayo Project as of April 29, 2022. Mercator has prepared this TRS from a current, National Instrument 43-101 (“NI 43-101”) Technical Report on the Pulacayo Project that summarizes the mineral resource estimates for the Pulacayo and Paca deposits, both with effective dates of October 13th, 2020. This TRS reports these two mineral resource estimates and has been made current with the addition of recent exploration drilling results by Silver Elephant completed after the 2020 mineral resource estimates were disclosed in the NI 43-101 technical report.

Silver Elephant intends to file this TRS as an exhibit to its Annual Report on Form 20-F on Electronic Data Gathering, Analysis, and Retrieval (EDGAR) to support Silver Elephant’s disclosure on the Pulacayo Project. This TRS conforms to the United States Securities and Exchange Commission’s (SEC) Modernized Property Disclosure Requirements for Mining Registrants as described in Subpart 229.1300 of Regulation S-K, Disclosure by Registrants Engaged in Mining Operations (S-K 1300) and Item 601 (b)(96) Technical Report Summary.

This TRS is current as of April 29, 2022. The mineral resource estimates disclosed in this TRS have effective dates of October 13, 2020. This is the first TRS prepared under Regulation S-K 1300 for Silver Elephant.

Silver Elephant is a Canadian mining corporation and registrant with the SEC that is required to report its exploration and drilling results, and mineral resources using the mining disclosure standards under Regulation S-K 1300. Silver Elephant is publicly-listed on the Toronto Stock Exchange (“TSX”) under the symbol “ELEF” and the OTCQX Market under the symbol “SILEF”. The Company was previously named Prophecy Development Corp. (“Prophecy”) until March 2020. This TRS reports mineral resource estimates for the Pulacayo Project completed under the Canadian CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014). The mineral resource estimates also conform with the mineral resource categories described in Regulation S-K 1300. There have been no material changes to the mineral resource estimates since their completion on October 13, 2020, despite a minor amount of additional exploration drilling being completed on parts of the Pulacayo Project since this time. After their detailed review of this additional drilling data, the report authors are of the opinion that this additional drilling has had no material impact on the mineral resource estimates presented in this TRS.

Prophecy acquired a 100% interest in the Pulacayo and Paca deposits in early 2015 through purchase of Apogee Minerals Bolivia S.A. (Apogee) and ASC Holdings Limited (ASC), all of which were wholly-owned subsidiaries of the previous owner, Apogee Silver Ltd. Following purchase of the subsidiaries of Apogee Silver Ltd., Silver Elephant found it necessary to differentiate the various mineralized bodies relative to the whole project. Thus, the term “Pulacayo Project” as applied in this TRS refers to the full license portfolio as described herein. This includes all mineralized bodies located within, and the total of all activities related to, the portfolio of mineralized bodies. Mineralized bodies are termed ‘deposits’ once they are spatially defined by exploration work such as drilling, trenching and underground investigations. At this time, the Pulacayo Project contains two main deposits, these being the Pulacayo and Paca deposits, and these are the subjects of the mineral resource estimates presented in this TRS. Other named mineral prospects that are not currently well defined also occur within the Pulacayo Project, examples being Pero and Paca Mayo.

Terms of reference for the Pulacayo and Paca mineral resource estimates presented in this TRS were established through discussion with Silver Elephant in early 2020. They reflect the Company’s interest in assessing the Pulacayo Project primarily in terms of open-pit mining potential. This differs substantially from historical resource estimates for the Pulacayo Project that focused specifically on definition of high-grade mineralization having the potential for future economic extraction using underground mining methods.

The current mineral resource estimates for the Pulacayo Project are based upon validated results for all core drilling completed by Apogee and ASC in the 2002 to 2009 period, additional drill holes completed by Apogee during 2010 and 2011, results from 6 Apogee surface trenches, results from systematic sampling carried out by ASC in 2006 at the Esmeralda underground workings that test a portion of the Paca deposit, and all drilling completed at both the Paca and Pulacayo deposits by Silver Elephant in 2019 to early 2020.

2.1 Qualified Persons and TRS Section Responsibilities

The following individuals (Professional Geologists) are Qualified Persons (QPs) as defined in Regulation S-K 1300, independent of the Registrant, and the co-authors of this TRS (“Report Authors”):

- Michael Cullen, M.Sc., P.Geo. – Chief Geologist, Mercator Geological Services Limited
- Matthew Harrington, B.Sc., P.Geo. – President, Mercator Geological Services Limited
- Osvaldo R. Arce, Ph.D., P.Geo. – Independent Consultant, Minera Tupiza S.R.L., Bolivia

The above QPs areas of expertise, TRS section responsibilities, and site visit details are indicated below in Table 2.1.

Table 2.1: QPs areas of expertise, TRS section responsibilities, and site visits

Qualified Person	Areas of Expertise	Date of Site Visits	TRS Section Responsibilities
Michael Cullen M.Sc., P.Geo.	Geology, Mineral Exploration, Mineral Resource Estimation	April 26-28, 2012 June 3-6, 2015	Section 1, except 1.7 Section 2, except 2.2.2 Sections 3 to 7, except 7.2.4 and 7.2.5 Section 8, except 8.3, 8.6, and 8.8 Section 9, except 9.2.1 and 9.3 Section 10 Sections 12 to 21 Section 22, except 22.3 Sections 23 to 26
Matthew Harrington B.Sc., P.Geo.	Geology, Mineral Exploration, Mineral Resource Estimation	August 2-10, 2011 June 3-6, 2015	Section 1.7 Section 7.2.4 and 7.2.5. Section 8.3, 8.6 and 8.8 Section 9.2.1 Section 11 Section 22.3
Osvaldo R. Arce Ph.D., P.Geo.	Geology, Geological Engineering, Mineral Exploration	September 5-6, 2020	Section 2.2.2 Section 9.3

2.2 Site Visits

Mercator report authors M. Cullen and M. Harrington are very familiar with the Pulacayo Project having completed site visits on three separate occasions over the past 11 years to support preparation of mineral resource estimates for the Pulacayo and Paca deposits. Report author Dr. Arce completed a site visit in early September 2020 as part of a data verification and drill core check assaying program in support of the current mineral resource estimates and associated technical reporting, and for personal inspection purposes. Summaries of all report author site visits are presented below.

2.2.1 Mercator Site Visits

Report author M. Harrington carried out a site visit to the Pulacayo and Paca deposits during the period August 2nd, 2011 to August 10th, 2011 and completed a review of Apogee drill program components, including protocols for drill core logging, storage, handling, sampling and security. An independent core check sampling program was also completed, drill sites were visited and various trenched and channel sampled bedrock exposures were examined. No core or bedrock sampling of the Paca deposit was carried out at that time, but drill sites and bedrock exposures were examined.

Report author M. Cullen carried out a site visit to the nearby Pulacayo deposit during the period April 26th to April 28th of 2012 and completed similar technical reviews plus a core check sampling program with respect to 2011 oxide zone drilling by Apogee at the Pulacayo deposit. No investigations related to the Paca deposit were carried out at that time.

For both the 2011 and 2012 site visits, Mercator staff were accompanied by Mr. C. Collins, then President of Apogee Silver Ltd. and met with Apogee Exploration Manager, Mr. H. Uribe Zeballos, both of whom provided technical and professional insight with respect to the project at that time. Site professional and technical staff provided additional assistance during the visits, under supervision of Senior Geologist, Mr. F. Mayta Quispe.

Report author M. Cullen visited both the Pulacayo and Paca sites with report author M. Harrington during the period June 3rd to June 6th, 2015 and again completed discussions regarding current project geological mapping and exploration program results with Mr. H. Uribe Zeballos and site geological staff. Mr. Uribe Zeballos had been retained by Silver Elephant to serve as Chief Geologist for the Pulacayo Project. The primary focus of the June 2015 site visit was assessment of Paca deposit drill core and surface exposures in support of the 2015 resource estimation program that is updated through this report.

M. Cullen and M. Harrington determined in the case of each site visit that exploration work carried out by the project operator at the time met current industry standards and that results of drill core check sampling programs were acceptable.

2.2.2 Site Visit by Report Author Osvaldo Arce, Ph.D., P.Geo.

On September 5th and 6th, 2020 report author Dr. Arce carried out a site visit to the Pulacayo and Paca deposit areas with specific focus placed on reviewing drill core from the 2020 Silver Elephant drilling program, completing a drill core check sampling program, discussing associated protocols

for drill core logging, storage, handling, sampling, and security with Silver Elephant representatives, and personal inspection purposes.

Dr. Arce determined that exploration work, primarily represented by core drilling carried out by Silver Elephant since the last technical report had been carried out was completed in accordance with current mining industry standards, and the results of the drill core check sampling programs returned acceptable results for data verification and mineral resource estimation purposes.

2.3 Sources of Information

Hard copy project records were provided by Silver Elephant and examined by Mercator and the report authors while visiting the Pulacayo Project in Bolivia. Digital records for the project drilling and underground workings were delivered to Mercator for purposes of mineral resource estimation. This included complete drill logs, drill plans, assay records and laboratory records for drilling and sampling completed to date for both the Paca and Pulacayo deposits. Based on this information, Mercator assembled and validated a digital drilling database upon which the current mineral resource estimates are based and includes the 2020 core drilling results.

2.4 List of Abbreviations

Units of measurement used in this TRS conform to the metric system. All currency in this TRS is United States dollars (US\$) unless otherwise noted. Canadian dollars (C\$) have been converted to US\$ dollars at an exchange rate of US\$1 = C\$1.25 unless otherwise noted. A listing of abbreviations and conversions used in this TRS are indicated below in Table 2.2.

Table 2.2: Listing of Abbreviations and Conversions

Abbreviation	Term	Abbreviation	Term
Apogee	Apogee Minerals Bolivia S.A.	Ag	Silver
ASC	ASC Bolivia LDC	Sb	Antimony
CIM	Canadian Institute of Mining, Metallurgy and Petroleum	O	Oxygen
CSA	Canadian Securities Administrators	Zn	Zinc
DTM	Digital terrain model	S	Sulphur
ID ²	Inverse distance squared	Pb	Lead
IF	Inferred (resource)	Fe	Iron
IN	Indicated (resource)	Ba	Barium

Abbreviation	Term	Abbreviation	Term
Mercator	Mercator Geological Services Limited	Mn	Manganese
NI 43-101	National Instrument 43-101	As	Arsenic
NSR	Net Smelter Return	K	Potassium
OK	Ordinary Kriging	Al	Aluminum
P&E	P&E Mining Consultants Inc.	Na	Sodium
Prophecy	Prophecy Development Corp.	Si	Silica
Silver Elephant	Silver Elephant Mining Corp.		
TWP	TWP Sudamerica S.A.		
\$US	United States of America Dollars		
mm	millimeter		
cm	centimetre		
m	metre		
km	kilometre		
ha	hectare		
C	Celsius		
oz.	troy ounce (31.04 g)		
g	gram (0.03215 troy oz.)		
kg	kilogram		
lb	pound		
t	tonne (1000 kg or 2,204.6 lb)		
T	ton (2000 lb or 907.2 kg)		
Oz/T to g/t	1oz/T = 34.28 g/t		
Au	Gold		
Cu	Copper		

3.0 Property Description

3.1 Location

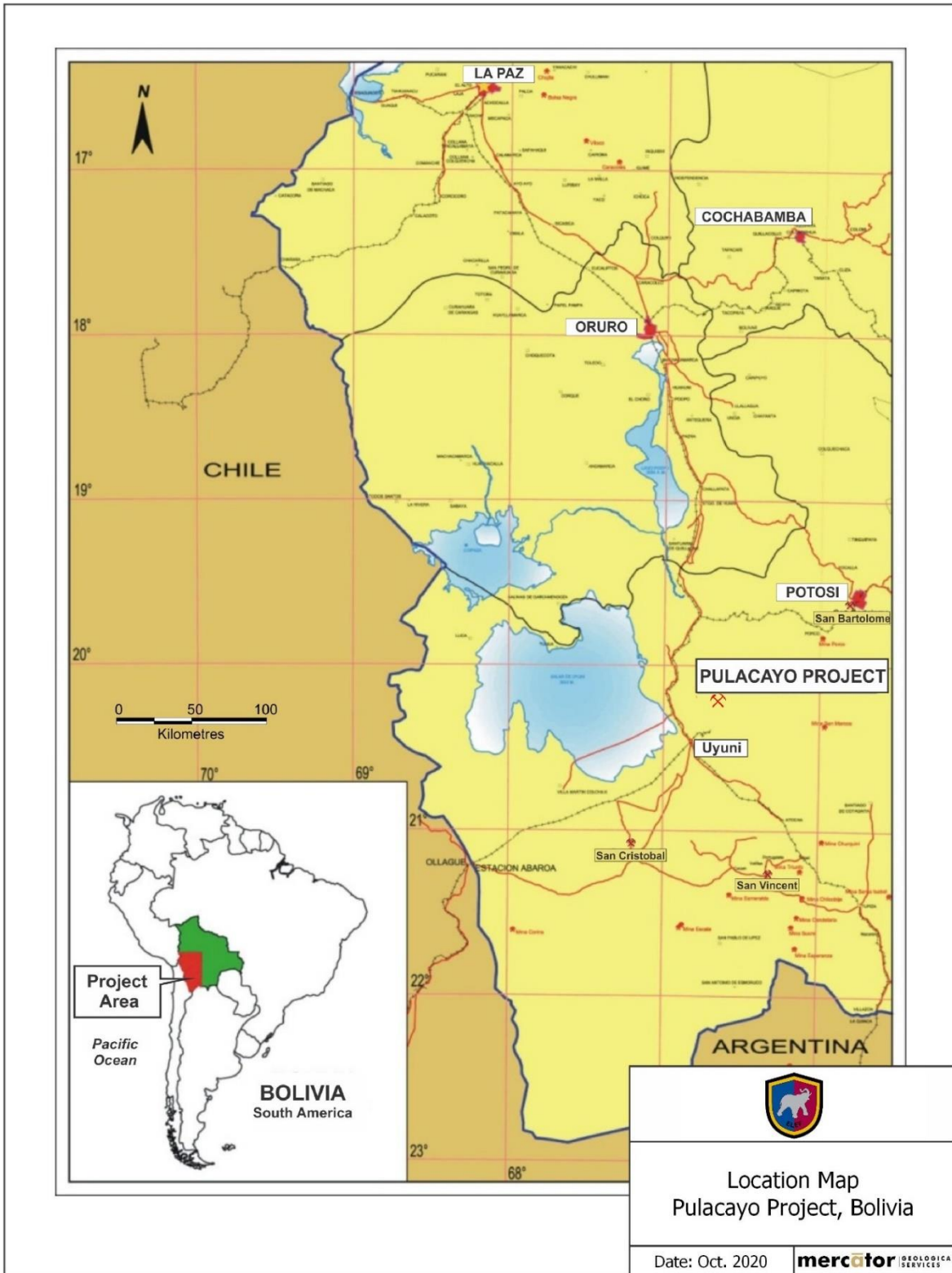
The Pulacayo Project covers approximately 3,560 ha of surface area in two non-contiguous groups of mining concessions centered on the historic Pulacayo mine and town site. The property is located in southwest Bolivia, approximately 460 km from the capital city of La Paz, 130 km southwest of the town of Potosi and 18 km northeast of the city of Uyuni (Figure 3.1). The property is accessible by roads from La Paz which are now paved to the town of Uyuni and beyond to Potosi. The property is centered at approximately 740450 m E and 7744695 m N WGS84 Zone 19, south datum, and at an elevation of 4305 m ASL (Figure 3.1). The paved highway provides excellent year-round access to the Pulacayo project area and lesser roads and trails join the prominent historic exploration or mining areas such as Paca and Paca-Mayo to the Pulacayo site. Some of the property roads are characterized by steep slopes and switchbacks and require substantial driver caution. Four-wheel drive vehicles are recommended for travel within the property limits.

The tourist town of Uyuni, on the edge of the large Salar de Uyuni (salt lake), provides limited local services. The town has railway connections with the cities of Oruro, Potosí and Villazon and to the borders with Argentina and Chile. Uyuni has a newly developed airport with asphalt strip which can now accommodate turbo props and regional jet service. There are also several small hotels, hostels, restaurants, schools, medical and dental facilities, and internet cafes. The San Cristóbal Mining Company has constructed a gravel road from San Cristóbal, approximately 100 km southwest of Uyuni, to the border with Chile.

3.2 Land Tenure, Mining Rights, and Royalties

The Pulacayo Project is comprised of 7 mineral titles covering a total area of 3,560 ha (Table 3.1 and Figure 3.2 presented in Section 3.2.2.1). The following summary outlines the mineral title and governance regime applicable to the Pulacayo Project as of the effective date of this TRS. Mercator relied upon information provided by Silver Elephant pertaining to topics covered below in Sections 3.2 and 3.3.

Figure 3.1: Location Map, Pulacayo Project



3.2.1 Overview of Bolivian Mining Law

3.2.1.1 General Facts

The granting of mining concessions in Bolivia is governed by the Constitution (Constitución Política del Estado), the new Mining and Metallurgy Law (Ley de Minería y Metalurgia) enacted by Law No. 535 of May 28, 2014, supplemented by certain specific Laws and Supreme Decrees that rules taxation, environmental policies, and administrative matters, etc.

Ground and underground resources are from original domain of the Bolivian people and the resources can be granted by the State for exploitation, but the Government of Bolivia is prohibited to transfer them, according to the Article 349.I of the Constitution.

Foreigners, according to the Article 262.I of the Constitution and Article 28 of the Mining and Metallurgy Law are not authorized to apply and execute mining administrative contracts, hold any mineral rights or own real estate property within a buffer zone of 50 km surrounding the Bolivian international borders.

In May 28th, 2014, the Bolivian government enacted new mining legislation¹ which establishes that any mining activity will be performed under the new legal framework of “mining administrative contracts”.

Current existing Special Temporary Authorizations (“ATEs”), formerly known as “mining concessions”, must follow a procedure before the mining supervisory body known as the Administrative Jurisdictional Mining Administration (“AJAM”) to be converted into “administrative contracts”², this type of “mining administrative contract” does not involve the participation of the Bolivian State through its state-owned mining corporation known as COMIBOL.

The “government take” is limited to taxes, the annual mining patents³ and to the “Mining Royalty”⁴ that is paid when the minerals are sold. COMIBOL does not hold any interest or participation in this type of contract. The contracts will be executed with the AJAM. The same concept applies to new applications for “mining areas”.

¹ Mining and Metallurgy Law No. 535 released in May 28th, 2014

² Mining and Metallurgy Law, Articles 185 - 206

³ Mining and Metallurgy Law, Articles 230 - 234

⁴ Mining and Metallurgy Law, Articles 223 - 229

“Cuadrícula” is the current mining measure unit, which is an inverted pyramid with the inferior vertex pointing to the earth’s core, with an exterior perimeter equal to 25 hectares.

Some existing mining rights have been applied for and granted according to the system governed by the 1965 Mining Code, which has not been in effect since 1997. However, these rights are legal, and must be converted into administrative contracts too. The measure unit of the mining concessions obtained according to the aforementioned old Mining Code system is the “pertenencia minera”, which is an inverted pyramid with the inferior vertex pointing at the earth’s core, with an exterior perimeter equal to one hectare.

Mining rights cannot be transferred, sold or mortgaged.

Some of the most important provisions of the New Mining Law relate to Mining Rights, Mining Contracts, and the creation of AJAM, which is described in detail below.

3.2.1.2 Mining Rights

With respect to mining rights, Article 92 of the Mining and Metallurgy Law provides that mining rights grant their holders the exclusive faculty to prospect, explore, exploit, concentrate, smelt, refine, industrialize and commercialize the mineral resources, by means of mining activities, in part or over all of the productive chain. However, on the other hand, Article 93 provides that such rights shall not grant their owners’ property or possession rights over such mining areas, and that the holders of mining rights may not grant leases over the mining areas.

In addition, Article 94 of the Mining and Metallurgy Law provides that the Plurinational State of Bolivia acknowledges and respects the acquired rights of individual or joint title holders, private and mixed companies, as well as other forms of private property rights in relation to their corresponding ATEs, subject to the prior transition or adjustment to the regime of administrative mining contracts, provided by the same Mining and Metallurgy Law.

In regard of property rights, as well as the protection of investments and rights over property, Articles 95 and 102 provide that title holders shall have dominion over their investment, the mining production, movable and immovable properties built on the land, as well as the equipment and machinery installed inside and outside of the perimeter of the mining area; and that the State shall guarantee conditions of mining competitiveness and foreseeability of legal provisions for the development of the mining industry.

Lastly, Articles 97 and 99 of the Mining and Metallurgy Law provide that title holders shall have the right to receive profit or surpluses generated by the mining activity, subject to the compliance

with applicable tax laws; and that the State guarantees the rule of law over mining investments of title holders who are legally incorporated.

3.2.1.3 Mining Contracts

The Mining and Metallurgy Law regulates mining contracts in Title IV, Chapter I, and it provides that the administrative mining contract is the legal instrument “whereby the State grants ..., mining rights for undertaking certain mining activities, to productive mining actors within the state, private and cooperative mining industry.”

Pursuant to Articles 134 to 136, mining contracts shall be formalized by means of a public deed legalized before a Notary Public of the jurisdiction where the mining area is located, and shall be signed by the AJAM, as representative of the Executive Branch.

According to the article 144 of the Mining and Metallurgy Law, to retain the rights to the mining administrative contract, the title holder must comply with two requirements: a) pay the patentees annually, according to the scale detailed on Article 230 of the Mining and Metallurgy Law, and b) explore or exploit the area granted. Mining areas granted by the Government of Bolivia cannot remain without carrying any activity for more than six months.

If an area with potential is under the name of COMIBOL or under the name of any other state-owned mining company, then another type of mining contract must be executed: the Mining Association Contract⁵. This type of contract is like a Joint Venture Contract, highlighting that the contract must be executed under Bolivian laws, with arbitration in Bolivia⁶, and establishing that the participation of the Bolivian counterpart cannot be lower than 55% of the profits⁷. This Association Contract has a Board that must have the same number of representatives for each party; but the chairman of the Board will always be elected from the members representing the state-owned company⁸. The Bolivian party is a free carried interest party that only contributes with the mining areas and no other commitments are made such as investments.

On October 24th, 2016, President Morales enacted Law 845, which modifies some articles of Law 535 (New Mining Law), which among other things creates a new type of contract, the Mining Production Contract which can be executed by local or foreign companies on areas under the administration of COMIBOL.

⁵ Mining and Metallurgy Law, Article 145

⁶ Mining and Metallurgy Law, Article 147

⁷ Mining and Metallurgy Law, Article 148

⁸ Mining and Metallurgy Law, Article 150

The most important topics about the new Mining Production Contracts are: they are executed with COMIBOL, COMIBOL's participation is a percentage of the Gross Sale Value of the mineral/concentrate (which is negotiated with COMIBOL and the concept is similar to a Royalty), it doesn't fall into the 45%/55% participation scheme of the Mining Association Contracts, an investment Schedule and also a Work Plan are part of the contract, the maximum term of the Mining Production Contract is 15 years with the chance to have it renewed for another 15 years.

In order to be valid between the signing parties and enforceable towards third parties, mining contracts are required to be filed before the Mining Registry, and once executed, signatory parties shall not be able to transfer or assign their rights therein.

3.2.1.4 Jurisdictional Administrative Mining Authority (AJAM)

One of the most important features of the Mining and Metallurgy Law is the creation of a new supervisory entity called the Jurisdictional Administrative Mining Authority (Autoridad Jurisdiccional Administrativa Minera, or AJAM).

The role of the AJAM is to manage, supervise and control every mining activity carried out in Bolivia, as well as the Mining Registry.

In addition, one of the main responsibilities of the AJAM is to draft and propose legislation to the Executive Power, in order to regulate the transition of the ATEs into mining contracts. In accordance with Article 185 of the Mining and Metallurgy Law, the transition of the ATEs into mining contracts shall be processed before the AJAM, within six months of the issuance of the corresponding supreme decree and administrative resolution providing the procedure for the transition.

However, up to the date of this legal report, no new regulation has been issued about the rules and procedures to follow before the AJAM to convert the ATEs into mining administrative contracts. As a result, the current status of every ATE is in preserved.

3.2.1.5 Technical Matters / SERGEOMIN

The Ministry of Mining and Metallurgy is responsible for mining policy. Servicio Geológico Minero de Bolivia ("SERGEOTECMIN") – the Bolivian Geological Survey, a branch of the Ministry, is responsible for management of the mineral titles system.

SERGEOTECMIN also provides geological and technical information and maintains a USGS-donated geological library and publications distribution centre. Also, tenement maps are available from SERGEOTECMIN, which has a GIS based, computerized map system.

Exploration and subsequent development activities require various degrees of environmental permits, which various company representatives have advised are within normal international standards.

3.2.1.6 Mining and Metallurgy Law, Joint Venture Agreements and Mining Cooperatives

In May of 2014, the Government of Bolivia enacted Mining Law No. 535 (the “New Mining Law”), which was subject to an amendment in October 24th, 2016 (Law 845).

Art. 94 II of the New Mining Law establishes that the Government of Bolivia acknowledges and respects pre-established rights of the mining cooperatives. However, the same article establishes that these rights must follow a procedure to be converted into Administrative Mining Contracts.

Art. 129 of the New Mining Law also rules that according to the Bolivian Constitution (Article 8th of the Transitory Regulations section) the Government of Bolivia will respect pre-established rights of the Mining Cooperatives.

3.2.1.7 Taxes Applicable to the Mining Industry in Bolivia

There are three types of duties that are paid in Bolivia: General Taxes, Mining Royalty and Mining “Patentes”

General Taxes

Value Added Tax (“IVA”) equal to 13%; but recoverable through fiscal credit gained when purchases of goods or services are paid.

Transaction Tax (“IT”) equivalent to 3% of every transaction.

Income Tax (“IUE”) equivalent to 25%. Deductions are applicable and cumulated loss or investment could be considered before the calculation of the income. An additional 12.5% is paid when metals/minerals reach extraordinary market prices.

Foreign Remittances Tax (“IRE”) equivalent to 12.5% of the amount of money wired to other countries.

When goods are important the Consolidated Customs Tax (“GAC”) must be paid, the GAC is composed by: (IVA, IT and an additional percentage depending on the good that is imported).

There is also a system for temporary importing of goods, the system receives the name of RITEX and the payment of GAC is not required.

3.2.1.8 Mining Royalty

This payment does not fall into the specific category of “tax”. However, implies a burden on the mining producer and is assumed as part of the “government take”. The “Regalía Minera” is levied on the “gross sale value” of the mineral and ranges from 3% to 7% depending on the element and depending on international market prices.

3.2.1.9 Mining Patentes

The Mining Patentes are paid to maintain the rights of the mining titleholders. The payment of the Patentes is per annum and is approximately U\$. 6,00 per hectare.

3.2.2 Silver Elephant Mineral Title Ownership

Mr. Gustavo A. Miranda Pinaya, Executive President and in-house legal counsel for Apogee reviewed and updated the following property ownership report in July of 2020 that details the agreements that pertain to Silver Elephant’s current involvement with the Pulacayo and Paca properties. Mr. Miranda Pinaya also confirmed which conditions described in this report remained in place at the effective date of the current report. Mercator has relied upon this information for TRS purposes and has not independently verified related content.

3.2.2.1 Pulacayo Group of Concessions / Mining Areas

Details of mineral title ownership of the Pulacayo and Paca area properties used to be complicated by multi-layered option and joint venture agreements, with original ownership established prior to Prophecy’s acquisition of Apogee’s interest in the area in January 2015. Silver Elephant’s current interests and ownership in the project were established under the terms of the January 2015 acquisition agreement with Apogee.

The Pulacayo group of concessions are part of a large group of mining properties that have been nationalized in 1952. These “nationalized” concessions as defined by the Bolivian Constitution belong to the “Bolivian people” and are administered by COMIBOL. Originally, Apogee and subsequently Prophecy operated in Pulacayo under a Joint Venture Agreement executed between ASC Bolivia LDC Sucursal Bolivia (an Apogee fully-owned subsidiary, now a subsidiary of

Silver Elephant), the Pulacayo Cooperative (which had an underlying Lease Agreement executed with COMIBOL) and COMIBOL.

On September 1st, 2016, the Bolivian government issued Supreme Decree N° 2891 which was confirmed by Law N° 845 dated October 24th, 2016. Both regulations require the return to the State domain areas where mining cooperatives and private companies would have had executed Joint Venture Agreements, and for Lease or Sub Lease agreements to be converted into Mining Production Contracts.

As detailed by the Supreme Decree No. 2891 the deadline to file the application to have Joint Venture Agreements converted into Mining Production Contracts was December 23rd, 2016. Law No. 845 also provided the possibility to continue carrying out mining activities through the process of signature of Mining Production Contracts directly with COMIBOL. In the case of the Pulacayo Project, the company submitted the required application on December 22nd, 2016, before the deadline.

After almost two years of administrative procedures and negotiations with the Bolivian Mining Minister and COMIBOL, on October 2nd 2019 Apogee (a fully-owned subsidiary of Silver Elephant) executed with Comibol a Mining Production Contract, which has been approved by COMIBOL's Board according to Resolution No. 6653 dated September 20th, 2019.

The Mining Production Contract has a term of 15 years and is subject to renewal for another 15 years (total 30 years), COMIBOL is entitled to receive 7% of the Gross Sales Value, no monthly fee payable to COMIBOL has been included, and the Pulacayo Cooperative is not a party on the agreement. The Mining Production Contract must be approved by the Bolivian Plurinational Assembly (Bolivian legislative branch), while this final step is in process Apogee, and therefore Silver Elephant, can carry out its duties in Pulacayo under COMIBOL's special authorization.

COMIBOL's mining areas granted by the Mining Production Contract are detailed on Table 3.1.

As described above, the procedure to convert STA's to Mining Contracts has already started as the Bolivian Mining and Metallurgy Ministry issued Resolution 0294/2016 on December 5th, 2016 establishing the rules, terms and procedure that all the current STAs must follow to be adapted into "Administrative Mining Contracts".

Prophecy (now Silver Elephant) also initiated the above procedure for the STA named "Apuradita". The application was submitted to AJAM (according to Resolution 0294/2016) on July 20th, 2017 according to the schedule released by AJAM in January 2017. It is expected that the

process to convert current STA's into Administrative Mining Contracts will conclude in 2020. In the meantime, titleholders can continue development activities on the areas of the STA's.

On December 6th, 2019 Resolution No. AJAMR-PT-CH/DR/RES-ADM/631/2019 was issued by AJAM awarding the "Apuradita" Mining Administrative contract for the Paca area to ASC Bolivia LDC Sucursal Bolivia (a wholly owned subsidiary of Prophecy), final steps include the signature of the Administrative Mining Contract and the approval of it before the Bolivian Plurinational Assembly.

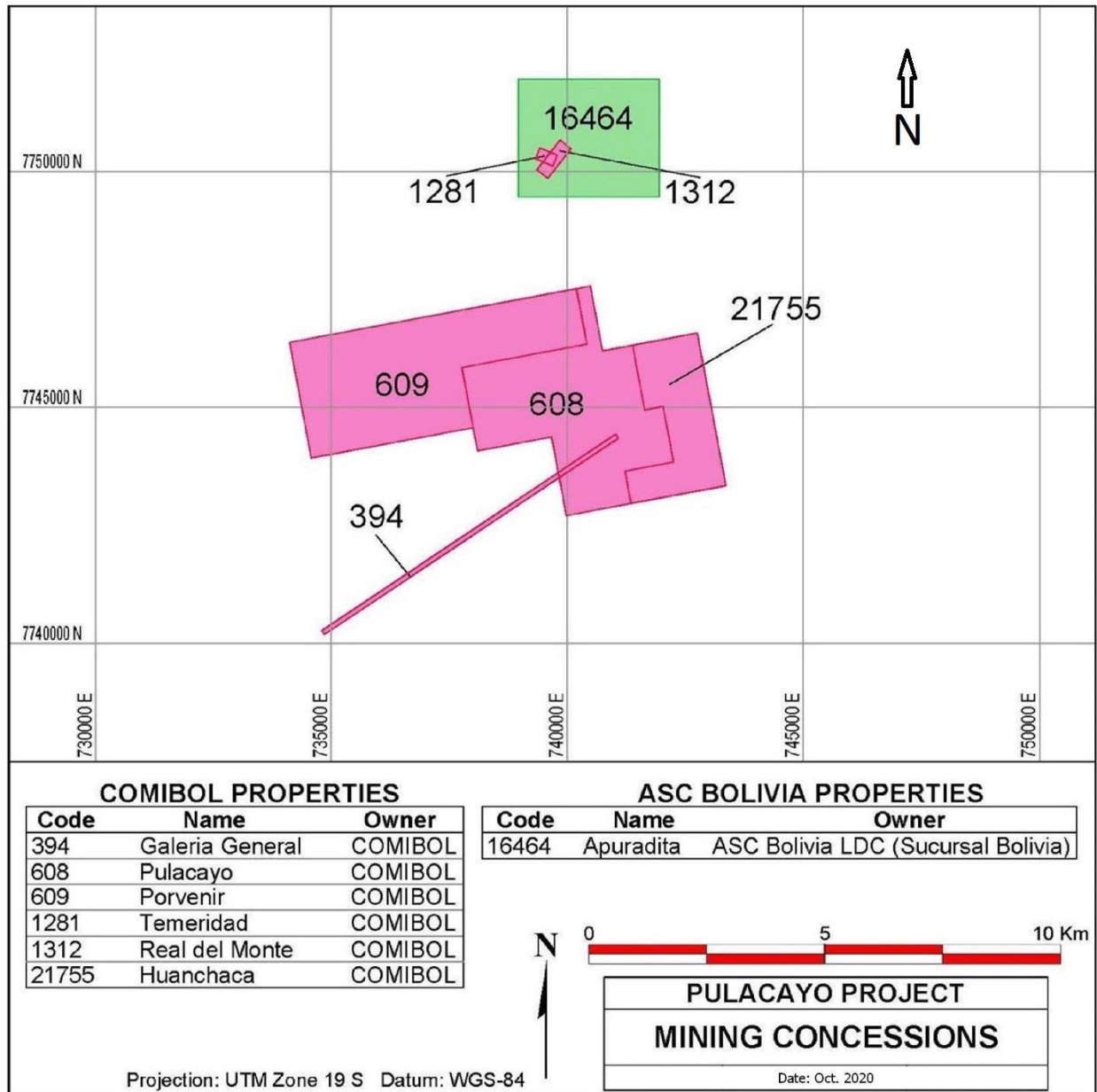
Figure 3.2 shows the distribution of current Silver Elephant mineral titles for the entire Pulacayo Project area and Table 3.1 lists the individual holdings that comprise this portfolio.

Table 3.1: Silver Elephant's Pulacayo Project Mineral Titles

*STA	Titleholder	Size (ha)	Patentes Payment	Registration Number	Location
Pulacayo	COMIBOL	1031	Payment is not required*	512-01015	Pulacayo
Porvenir	COMIBOL	1199	Payment is not required*	512-01165	Pulacayo
Huanchaca	COMIBOL	470	Payment is not required*	512-03903	Pulacayo
Galería General	COMIBOL	76	Payment is not required*	512-01160	Pulacayo
Subtotal Pulacayo		2776			
Temeridad	COMIBOL	10	Payment is not required*	512-00992	Paca
Real del Monte	COMIBOL	24	Payment is not required*	512-00994	Paca
Apuradita	ASC Bolivia LDC	750	2017	512-03652	Paca
Subtotal Paca		784			
Grand Total		3560			

* Special Transitory Authorization – formerly mining concession

Figure 3.2: Pulacayo Project Mineral Titles



3.3 Environmental Considerations and Other Significant Factors and Risks

The authors of the report have relied upon Silver Elephant for provision of the following information on environmental considerations and project risks. The following section is primarily focused on the Pulacayo site but is also relevant to the Paca deposit due to the reasonable possibility of mineralized material from the Paca deposit being processed at a central milling complex situated at the Pulacayo site at a future date.

The Pulacayo Project's current environmental operating requirements are set out in compliance with the Environment Law (Law Nº 1333) and the Environmental Regulation for Mining Activities. A certificate of exemption was obtained for the exploration phase and an audit of the Environmental Base Line (ALBA) was carried out between December 2007 and July 2008 by Mining Consulting & Engineering "MINCO S.R.L.", a Bolivian based professional consulting firm with broad exposure to the mining industry. Its audit report summarized the work carried out during the Environmental Assessment by Apogee and includes 1) a compilation of information on the local vegetation, animals, soil, water, air, etc., including collection of more than 500 samples in the area of interest to support the conclusions and recommendations of the report; 2) an evaluation of the social impact of the project; 3) an evaluation of the area contaminated during previous mining activities, including tailings, abandoned facilities, acid waters, scrap, etc.; and 4) an evaluation of other environmental liabilities.

The very long production history of the Pulacayo site, which in part is not fully documented, has potentially resulted in mining or milling associated site contamination issues related to waste rock or tailings deposit distributions that are not fully defined at this time. These may be additional to the areas of such concern identified in environmental permitting activities completed to date. Future issues associated with these should be considered project risks that may require management as the project progresses. Additional issues with site contamination associated with historical and recent site operations carried out by, or on behalf of, COMIBOL that are related to that firm's infrastructure at the site may also pose future project risk that should be monitored. Potential impacts of poorly or undocumented site operations by the local mining cooperative may also require management as the project progresses.

On May 25, 2011, Apogee was awarded an environmental licence by the Bolivian authorities sanctioning mining operations at its Pulacayo project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP) allows for the extraction of up to 200 tonnes per day from underground for stockpiling and transporting for off-site processing. This permit is still in effect at the effective date of this TRS.

On September 25th, 2013, Apogee was awarded the Environment Impact Declaration certificate by the Bolivian Ministry of Water and Environment, which shows that the Bolivian environmental authorities approved the Environmental Impact Assessment ("EIA") that permits establishment of mining, milling and tailings facilities on the Pulacayo site of sufficient size to support milling operations of up to 560 tonnes per day. The application to obtain this permit was applied by Apogee on December 17, 2012. The submission was the result of over 30 months of technical studies and consultations, including a comprehensive water management plan, the feasibility study, archeological studies, flora and fauna studies, mine closure planning, social baseline

studies, and results from two years of public consultations with local communities. Silver Elephant has advised the report authors that all permits previously granted to Apogee currently remain in effect for Silver Elephant.

On May 25, 2011, Apogee was awarded an environmental licence by the Bolivian authorities sanctioning mining operations at its Pulacayo project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP) allows for the extraction of up to 200 tonnes per day from underground for stockpiling and transporting for off-site processing. This permit is still in effect at the effective date of this TRS.

On November 12th, 2018, ASC Bolivia LDC Sucursal Bolivia was awarded an updated environmental licence by the Bolivian authorities sanctioning mining operations at its Paca project. The permit (Certificado de Dispensación Categoría 3 Para Exploración y Actividades Mineras Menores/EMAP), which allows exploration activities. This permit is still in effect at the effective date of this TRS.

Silver Elephant has advised the report authors that the agreements and permits currently in place for the Pulacayo project provide the Company the authority to carry out the Pulacayo and Paca deposit area exploration work programs recommended in this TRS. They also provide access for development of certain mining, milling and tailings infrastructure for the Pulacayo deposit, subject to site environmental directives.

The report authors have not independently verified any of the environmental, permitting, test mining or test milling permit information presented in this report section and has relied upon Silver Elephant for provision of such information in all instances. However, the report authors have no reason at the effective date of this TRS to question the information provided by Silver Elephant regarding these items.

The report authors are not aware, and has not been advised by Silver Elephant, of any other known significant factors and risks that may affect access, title, or the right or ability to perform work on the Pulacayo Project.

4.0 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

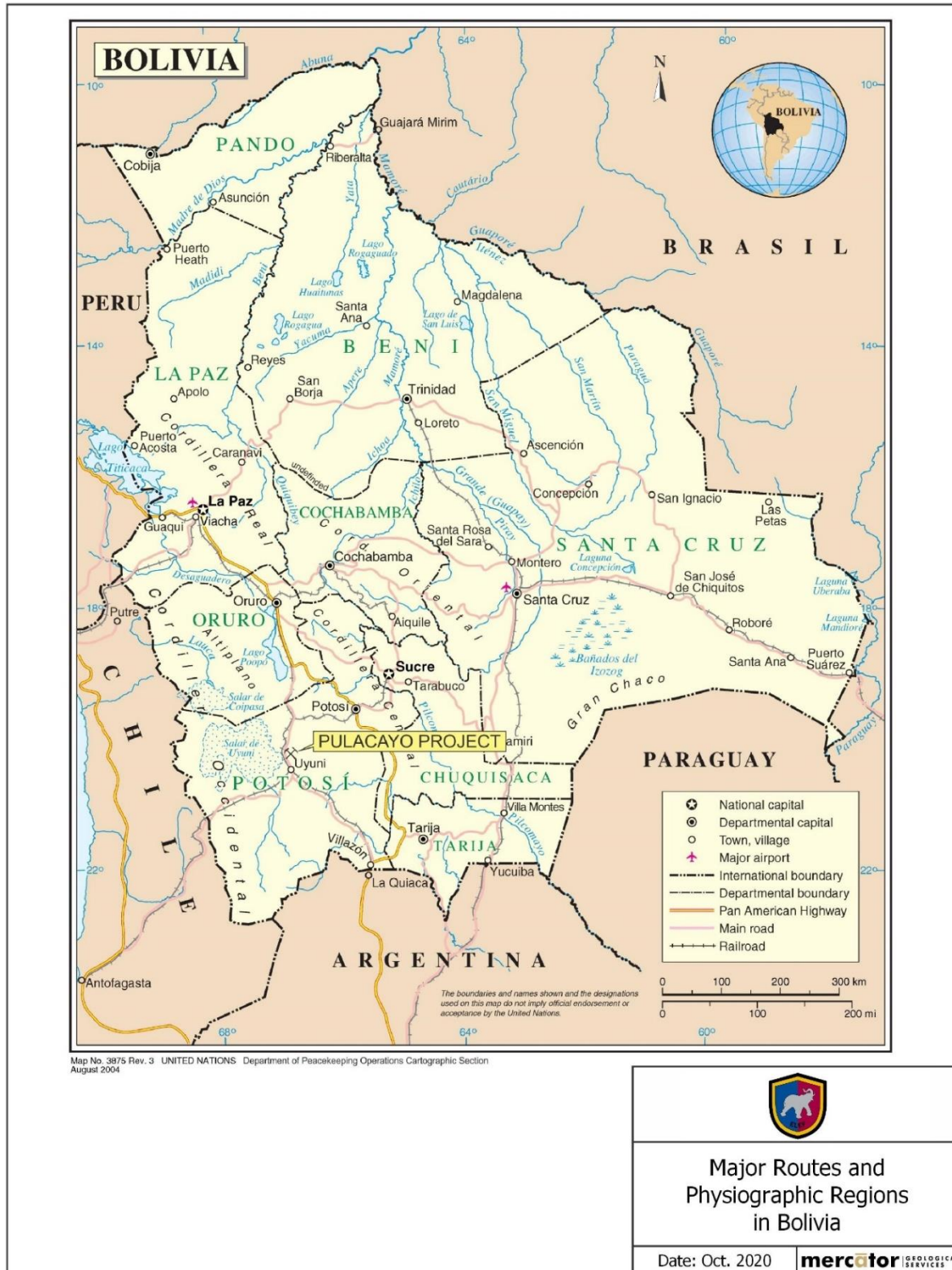
4.1 Accessibility

Bolivia is a landlocked country located in central South America and includes diverse geographic and climatic conditions that range from snow-capped peaks and high-altitude plateaus to vast, low-lying grasslands and rainforests. The country is normally accessible by international air travel from Miami (American Airlines), Mexico City, Brazil, Chile (LAN), Argentina and Peru (Taca Airlines). In addition, local Bolivian airlines fly regular internal flights between major cities, with several flights a week to a newly paved runway at Uyuni city, located 18 km south of the Pulacayo Project.

The principal highways are generally paved and heavy trucks and buses dominate road traffic outside of the major cities. For the most part, road freight service functions adequately even to small remote villages. The Pulacayo Project is accessed from La Paz by means of a paved road, which runs to the area of Huari, passing through Oruro. It can also be accessed by the road between Oruro and Potosí and from Potosí to Uyuni by a good quality paved road. Paving of the road from Potosí to Uyuni began in 2007 and has now been completed to Potosi. Secondary roads can be best described as “tracks” and winding, single lane roads are often precariously carved out of steep slopes.

There is also a reasonably well-developed rail system with connections south to Argentina, east to Brazil and west to Chile and the port of Antofagasta. Rail service from Uyuni connects with Oruro, Atocha, Tupiza, and Villazon (on the border with Argentina). Uyuni is also connected by railway to Chile through Estación Abaroa. Disused rail lines exist between Uyuni-Potosí and Oruro-La Paz. Figure 4.1 presents major highway and rail routes of Bolivia relative to the Pulacayo project’s location.

Figure 4.1: Major Routes and Physiographic Regions in Bolivia



**Major Routes and
 Physiographic Regions
 in Bolivia**

Date: Oct. 2020

4.2 Climate and Physiography

Two Andean mountain chains run through western Bolivia, with many peaks rising to elevations greater than 6,000 m above sea level. The western Cordillera Occidental Real forms Bolivia's western boundary with Peru and Chile, extending southeast from Lake Titicaca and then south across central Bolivia to join with the Cordillera Central along the country's southern border with Argentina. Between these two mountain chains is the Altiplano, a high flat plain system at elevations between 3,500 m and 4,000 m above sea level. East of the Cordillera Central a lower altitude region of rolling hills and fertile basins having a tropical climate occurs between elevations of 300 m and 400 m above sea level. To the north, the Andes adjoin tropical lowlands of Brazil's Amazon Basin (Figure 4.1).

Climate within Bolivia is altitude related. The rainy period lasts from November to March and corresponds with the southern hemisphere's summer season. Of the major cities, only Potosí receives regular snowfalls, with these typically occurring between February and April at the end of the rainy season. La Paz and Oruro occasionally receive light snow. On the Altiplano and in higher altitude areas, sub-zero temperatures are frequent at night throughout the year. Snow-capped peaks are present year-round at elevations greater than approximately 5,200 m.

The Pulacayo Project area is located immediately southwest of the Cosuño Caldera and local topographic relief is gentle to moderate, with elevations ranging between 4,000 m and 4,500 m above sea level. The Paca and Pulacayo volcanic domes are volcanic structures that exist as prominent topographic highs in this area. The area has a semi-arid climate, with annual rainfall of approximately 100 mm and a mean summer temperature of 12° C between October and March. During winter, minimum temperatures reach the -20 to -25° C range and summer maximums in the 18 to 20° C range occur in June and July. Yearly mean temperature is 5.5° C. Vegetation is sparse to non-existent and consists of only local low bushes.

4.3 Local Resources and Infrastructure

Bolivia has a long history as a significant primary producer of silver and tin, with associated secondary production of gold, copper, antimony, bismuth, tungsten, sulphur and iron. The country also contains sizeable reserves of natural gas that have not been fully developed to date due to export issues and limited access to required infrastructure.

The country has an abundance of hydroelectric power and transmission lines which parallel the road system provide service to most major settlements. Remote villages generally have diesel generators which run infrequently during evening hours. Transmission lines from the hydroelectric plants of Landara, Punutuma, and Yura that were reconditioned by a joint venture

between COMIBOL and the Valle Hermoso Electrical Company pass within a few kilometres of Pulacayo.

Telephone service and internet access are available in most areas and cellular telephone service is widespread. However, coverage is not complete and international connectivity is not ensured. Local communication services in the area are good and consist of an ENTEL-based long-distance telephone service, a GSM signal for cell phones and two antennae for reception and transmission of signals from national television stations. A satellite receiver provides internet access for operations and this service is shared with the Cooperative Social del Riesgo Compartido (Shared Risk Cooperative). An adequate supply of potable water for the town is supplied by pipeline from a dam and reservoir (Yana Pollera) facility located 28 km from Pulacayo in the Cerro Cosuño.

Coeur d'Alene Mines Corporation (San Bartolome), Pan American Silver Ltd. (San Vicente), Glencore International plc (Sinchi Wayra) and Sumitomo Corporation (San Cristóbal) are significant international companies with producing mines in this region in recent years. Basic exploration services are available in Bolivia and include several small diamond core drilling contractors, the ALS Group that operates an analytical services sample preparation facility in Oruro, the SGS Group that has analytical services and preparation facilities in La Paz, and several locally owned assay facilities. The Bolivian National School of Engineering operates a technical college in Oruro (Universidad Técnica de Oruro) that includes a mineral processing department and laboratory facilities that provide commercial services to the mining industry. In general, an adequate supply of junior to intermediate level geologists, metallurgists, mining engineers and chemists is currently considered to be present in the country.

Since down-sizing of site operations at Pulacayo by a previous operator in 2013-2014, the population of the community has dropped to approximately 300 to 400 permanent residents, many of whom are associated with the Cooperativa Minera Pulacayo Ltda. (Pulacayo Mining Cooperative). The village has a state-run school and medical services are provided by the state's Caja Nacional de Seguros (National Insurance Fund). A hospital and clinic function independently. Numerous dwellings and mining related buildings in Pulacayo are owned by COMIBOL and some of these have been donated to the Pulacayo Mining Cooperative. Under terms of the Shared Risk Contract, COMIBOL makes some mining infrastructure available for use by Silver Elephant (Figures 4.2 and 4.3).

Figure 4.2: Pulacayo COMIBOL Operations Facility Used by Silver Elephant



Figure 4.3: Pulacayo COMIBOL Office Facility Used by Silver Elephant



4.4 Access for Recommended Work Programs and Future Operations

As stated above in Section 3, Silver Elephant has advised the report authors that the agreements and permits currently in place for the Pulacayo project provide authority to carry out the Pulacayo and Paca deposit area exploration work programs recommended in this TRS. They also provide access for development of certain mining, milling and tailings infrastructure for the Pulacayo deposit, subject to site environmental directives.

Based on recent site visits and ongoing discussions with Silver Elephant staff, the report authors are of the opinion that sufficient undeveloped land is present in the Pulacayo project area to support the work programs recommended in this report for the Pulacayo and Paca deposit areas. This undeveloped land may also support future establishment of mining, milling and tailings facilities at this location at the scale currently envisioned by Silver Elephant.

5.0 History

5.1 Introduction

The Pulacayo area has a very long history of exploration and mining, with this dominated by the Pulacayo deposit itself, where most work has been concentrated on mineralized systems that comprise the TVS. While Pulacayo deposit exploration and production history spans many decades, well documented exploration work carried out on the Paca deposit is restricted to the period beginning in 2001 when modern programs of assessment that include Induced Polarization surveying, geological mapping, reverse circulation drilling and core drilling were carried out. History of work at Paca is more difficult to document prior to that period, but it is clear that COMIBOL investigated the core breccia zone area of the deposit through development of the Esmeralda adit and associated underground workings in 1956. Prior to that, records show that near surface workings focused on the outcropping Paca mineralized conglomerate unit had been developed at some time during the Hochschild Company (“Hochschild”) period of operation at the nearby Pulacayo mine (1927 to 1952 period). On-site processing of at least some material from the conglomerate unit was undertaken and produced the local “tailings” deposits at that location that have subsequently been described by Silver Elephant.

5.2 Pre-2001 Exploration and Mining

Mining of silver deposits at the Pulacayo project began in the Spanish Colonial Period (c.1545) but production details do not exist. The first work formally recorded on the property was carried out in 1833 when Mariano Ramírez rediscovered the Pulacayo deposit. In 1857 Aniceto Arce founded the Huanchaca Mining Company of Bolivia and subsequently pursued development and production at Pulacayo. Revenue from the mine funded the first railway line in Bolivia, which in 1888 connected Pulacayo to the port of Antofagasta, Chile. In 1891, reported annual silver production reached 5.7 million ounces and mining operations at Pulacayo at that time were the second largest in Bolivia. Highest historic production is attributed to the Cerro Rico de Potosi deposit. Pulacayo production was predominantly from the Veta Tajo (Tajo Vein System) which had been defined along a strike length of 2.5 km and to a depth of more than 1000 m. In 1923, mining operation ceased due to flooding of the main working levels.

In 1927, Mauricio Hochschild bought the property and re-started mine development. The Veta Cuatro vein was the focus of this work and was intersected at a mine elevation of approximately -266 m. It was proven to continue down-dip to the -776 m elevation where it showed a strike length of 750 m. During this time, the 2.8 km long San Leon access tunnel was developed to facilitate ore haulage and the first recorded exploration work in the area was undertaken. Several

short adits were also established during the Hochschild period at Paca to test a mineralized volcanic conglomeratic unit that outcrops in the deposit area. Material from these was processed on site and coarse residual fractions from this work comprise the “tailings deposits” sampled and described by Silver Elephant at the Paca site. The results of the historic testing are not known.

Work by Hochschild in the district continued until 1952 when the Bolivian government nationalized the mines and administration of the Pulacayo deposit and management was assumed by the state mining enterprise COMIBOL. Operations continued under COMIBOL until closure in 1959 due to exhaustion of reserves and rising costs. COMIBOL also imposed cutbacks on exploration during that period. The total production from the Pulacayo mine is estimated by SERGEOTECMIN to be 678 million ounces of silver, 200,000 tons of zinc and 200,000 tons of lead (SERGEOTECMIN Bulletin No. 30, 2002, after Mignon, 1989).

In 1956, COMIBOL established the Esmeralda adit that was driven south into the Paca deposit to assess breccia hosted high grade mineralization localized along the andesite-host sequence contact. A total of approximately 250 m of drifting and cross cutting was carried out within the main mineralized zone, distributed between the main adit level and short sub-levels above and below the main level. Workings were established for exploration purposes only and commercial production was not undertaken by COMIBOL.

In 1962, the Cooperativa Minera Pulacayo (the “Cooperative”) was founded and this local group leased access to the Pulacayo mine from COMIBOL. The Cooperative has carried out small scale mining in the district since that time and continues to do so at present. Efforts are directed toward exploitation of narrow, very high-grade silver mineralization in upper levels of the old mining workings, typically above the San Leon tunnel level.

5.3 ASC Exploration 2002 to 2005

5.3.1 Introduction

Modern exploration of the Pulacayo and Paca areas began to a limited degree in the 1980’s when various mining and exploration companies targeted epithermal silver and gold mineralization within the volcanic-intrusive system present in the area. In 2001, ASC initiated an exploration program in the district, signed agreements with the Cooperative and COMIBOL and completed programs of regional and detailed geological mapping, topographic surveying and sampling of historical workings. In part, these work programs included the Paca deposit, where 3,130 m of core drilling in 30 drill holes and 896 m of reverse circulation (RC) drilling in 5 holes were completed. At Paca, ASC identified a sub-vertical mineralized structure along the andesite dome’s

north contact as well as stratabound, disseminated, mantos style mineralization that conforms to volcanoclastic stratigraphy in the area. ASC also completed 3 core drilling campaigns at Pulacayo, totalling 3,130 m of diamond drilling, and concluded that silver-zinc-lead mineralization and hydrothermal alteration in the latter area are controlled by a strong east-west fracturing system developed in the andesitic rocks hosting the Tajo Vein System.

5.3.2 Metallurgical Testing

ASC's parent company, Apex Silver Mines Limited, retained Resource Development Inc. ("RDI") of Denver, Colorado to carry out an initial metallurgical testing program for the Paca deposit that utilized sample material recovered from drill holes PND001, PND002 and PND003. Cyanide bottle roll testing comprised most of this program but a rougher flotation test was also carried out on samples from holes PND001 and PND004. Results of all testing were reported in previous NI 43-101 technical report prepared for Prophecy. Additional testing was carried out in 2003 by RDI on composite core sample material from drill holes PND007, PND008, PND023 and PND025. Intrusive, sedimentary and mixed lithology samples were assessed, with silver, zinc and lead grades showing respective ranges of 25 g/t to 172 g/t, 0.80% to 1.92%, and 0.93 % to 1.14%. Summarized results showing approximately 60% silver extraction after 96-hour cyanide leaching of minus 100 mesh material from all samples, with overall locked cycle flotation test silver recoveries ranging from 39% to 80%. They also show that locked cycle lead flotation recoveries to the lead concentrate ranged from 59% to 80% and zinc recoveries to the zinc flotation concentrate were between 9% and 67%. Additional work was recommended to optimize metal recoveries for Paca deposit mineralization.

5.3.3 Historical Mineral Resource Estimate

ASC prepared a historical mineral resource estimate in 2003 for two mineralized zones comprising the Paca deposit, these being Paca Norte and Paca Norte Dos. The historical estimate's reporting cut-off value was not reported. This historical mineral resource is relevant as an indication of mineralization on the property however should not be relied upon. A QP has not completed sufficient work to classify the historical estimate as a current mineral resource and Silver Elephant is not treating the historical estimate as current mineral resources.

Apogee optioned the Pulacayo property from ASC in late 2005 and actively pursued exploration and economic assessment of the property beginning in 2006. The property was sold to Prophecy (Silver Elephant) in January 2015 as part of the larger Pulacayo Project portfolio of mineral interests. Details of the work programs carried out by Apogee are presented below in report Section 5.4.

5.4 Apogee Exploration - 2006 to 2015

5.4.1 Introduction

In 2005, Apogee signed a joint venture agreement with ASC and subsequently commenced exploration in the region in early 2006. Work was carried out on both the Pulacayo and Paca deposits, with emphasis placed on Pulacayo. In the Paca area, Apogee completed a detailed topographic survey, detailed geological mapping and sampling of Paca surface exposures and the Esmeralda adit underground workings, induced polarization (IP) geophysical surveying and diamond drilling. Micon International Limited (Micon) also prepared for Apogee a mineral resource estimate for the Paca deposit in accordance with CIM and NI 43-101 standards. The main programs carried out by Apogee at Paca are individually discussed below. Two historical resource estimates were completed by Micon for the Pulacayo deposit in 2008 and 2009 and these were followed by a Preliminary Economic Assessment (PEA) of the deposit by Micon in 2010, which is no longer valid. Extensive core drilling programs were subsequently completed and provided a basis for historical resource estimates prepared by Mercator for the Pulacayo deposit in 2011 and 2012. The 2012 historical resource estimate was used as the basis for a feasibility study for the Pulacayo deposit prepared for Apogee by TWP Sudamerica S.A. (TWP) in 2013, which is no longer valid. Little additional exploration was carried out by Apogee after that study until acquisition of the Pulacayo assets by Prophecy in 2015.

5.4.2 Topographic Survey

In 2006, Apogee contracted Geodesia y Topografía of La Paz, Bolivia to complete a topography survey of the Pulacayo-Paca areas using four LEICA Total Stations, models TCR 407, TC 703, TC 605L, and TC 600. The survey covered a total area of 24 km² and survey points were collected in WGS84, Zone 19 South Datum and the coordinates were referenced to known government control points including GCP CM-43 obtained from the IGM (“Instituto Geografico Militar”).

The survey points allowed the construction of a detailed topographic map for the Pulacayo and Paca areas and two metre contour intervals were established. The new topographic map was used as a base to establish road access, geological mapping and surface sampling as well as for locating drill collars. As part of the field work, Eliezer Geodesia y Topografía also surveyed the collars of all completed drill-holes and established 12 surveyed grid lines for an IP survey. Seven IP survey lines were located in the Pulacayo area and 5 were located in the Paca area. Surveyed stations were established at 50 m intervals along each line.

5.4.3 Geological Mapping and Sampling

Apogee initiated a surface mapping and sampling program at Pulacayo in 2005 and initially utilized preliminary geological maps completed by ASC in 2003. The company completed detailed 1:1,000 scale surface mapping that covered all exploration holdings, including both the Pulacayo and Paca areas. The sampling consisted mostly of rock chip samples taken from outcrops and the objective of the mapping program was to characterize the alteration patterns and locate sulphide mineralization both at surface and also within accessible underground mine workings. A total of 549 samples were collected.

During 2006 Apogee also initiated development of a detailed, three-dimensional digital model of the historic underground mine workings of the Pulacayo deposit based on available historic records. The workings solid model was completed by EPCM Consultores S.R.L. ("EPCM") and was subsequently modified by Apogee through transformation of the model from the historic mine grid to the current datum plus adjustment to include a +1% incline grade of the San Leon tunnel. Surveying was carried out at the Paca deposit's Esmeralda adit at this time as well.

5.4.4 Induced Polarization Surveying

An induced polarization (IP) geophysical survey was carried for Apogee during November and December of 2007. The survey covered grid lines on both the Pulacayo and Paca areas and was completed by Fractal S.R.L ("Fractal"), an independent geophysical consulting company based in Santa Cruz, Bolivia. The survey used a dipole-dipole electrode configuration along 400 m spaced lines. A total of 29-line km of IP surveying was completed on the Pulacayo and Paca properties and data were recovered using a 50 m dipole spacing to $n=6$.

Seven geophysical survey lines oriented north-south were completed in the Pulacayo area and these were oriented approximately perpendicular to the east-west strike of the TVS. At Paca a total of five similarly oriented survey lines were completed. The IP surveys were successful in outlining several areas of anomalously low apparent resistivity that, based on correlation in an area of known bedrock geology, were interpreted to represent weakly altered rocks. On the same basis, high apparent resistivity zones were interpreted to represent areas of siliceous alteration. Combined results of the Pulacayo area survey show that an east-west oriented zone of anomalous apparent resistivity and chargeability responses measuring some 450 m in width extends over the length of the survey grid and marks the TVS. Moderately anomalous values in chargeability located at the edges of the main anomalous zone were interpreted as altered rocks that could be related to a mineralized vein system at depth. Survey results were similarly interpreted at Paca as identifying zones of anomalous disseminated sulphide concentration that

locally show association with mantos and feeder zone styles of silver-lead zinc mineralization of economic interest.

5.4.5 Diamond Drilling

Combined results of the ASC and Apogee diamond drilling programs carried out between 2002 and 2012 contribute to the current mineral resource estimates for the Pulacayo and Paca deposits. Since originally accessing the property in 2002 ASC and Apogee completed 69,739.15 m of drilling from surface and underground on the Pulacayo property. ASC drilling totaled 5,009.2 m between 2002 and 2006 in 24 holes and Apogee drilling accounts for the remaining meterage that was completed in 4 subsequent phases. Phase I was undertaken between January and June of 2006 and included 19 holes totaling approximately 4,718 m. Phase II drilling was initiated in November 2007 and consisted of 14 holes totaling 3,442.18 m. Phase III drilling was carried out between January and August of 2008 and included 84 drill holes totaling approximately 20,758.91 m. Phase IV drilling was carried out between January 2010 and December 2011 and consisted of 35,810.81 m in 149 holes. The last 45 holes (6,254 m) of Phase IV were focused on oxide zone definition.

As noted earlier, ASC completed 30 diamond drill holes (3,130 m) and 5 reverse circulation drill holes (896 m) on the Paca deposit between 2002 and 2005. After acquiring the property in 2005, Apogee subsequently completed 76 additional diamond drill holes (13,631.2 m) at Paca in three separate drilling campaigns during 2006. Table 5.1 presents a summary of these programs and details of these plus the earlier ASC programs that contributed data to the current resource estimate are described in greater detail later in the TRS.

Table 5.1: Summary of Paca Deposit Core Drilling Programs – 2002 to 2007

Company	Period	Hole Numbers	Type	No. of Holes	Total Metres
Apogee	Early 2006	PND031 to PND053	HQ Core	23	2,301.5
Apogee	Mid to Late 2006	PND054 to PND99	HQ Core	46	10,443.7
Apogee	Late 2006	PND100 to PND106	HQ Core	7	886.0
Total				76	13,631.2

5.4.6 Sampling of Esmeralda Adit Underground Workings

The Esmeralda adit was established by Comibol in 1956 to test both mantos style lower grade mineralization and “feeder zone” style higher grade mineralization within the Paca deposit. The adit extends south from the portal into the Paca dome and exposes mantos style mineralization for a distance of approximately 25 m before intersecting the main interval of feeder zone

mineralized breccia. From that point, drifting was carried out along the zone to the east for about 55 m and to the west for about 55 m. Cross-cutting was also continued in a south-southeast direction for about 55 m and a small amount of sub-level drifting was carried out approximately 7 m below and 7 m above the main adit level in the central portion of the mineralized zone. Apogee re-sampled portions of the Esmeralda adit workings during 2006.

5.4.7 Historical Paca Mineral Resource Estimate

In 2007, Micon prepared a historical resource estimate for the Paca deposit based on data generated from the drilling and underground sampling programs summarized above in Sections 5.4.5 and 5.4.6. The Micon estimate was prepared in accordance with the CIM Standards in place at the time and disclosed according to requirements of NI 43-101. The estimate appears below in Table 6.2 and was reported by Pressacco and Gowans (2007).

This historical mineral resource is relevant as an indication of mineralization on the property however should not be relied upon. A QP has not completed sufficient work to classify the historical estimate as a current mineral resource and Silver Elephant is not treating the historical estimate as current mineral resources. The results of the 2007 historical estimate have been superseded by the by the current mineral resource estimate that is supported by this TRS.

Table 5.2: 2007 Paca Deposit Historical Resource Estimate

Resource Category	Tonnes	Silver (g/t)	Zinc (%)	Lead (%)
Inferred Resource	18,416,100	43.04	1.16	0.68
Waste Rock	56,699,600			
Strip Ratio (Resource tonnes: Waste tonnes): 3.1 to 1				

1. The effective date of this historical estimate is March 30th, 2007.
2. The resource reporting block cut-off value is US\$ 20 Gross Metal Value based on 100% recovery and metal pricing at US\$10.43/oz silver (US\$0.33/g), US\$1.30/lb (US\$2.86/kg) for zinc and US\$0.55/lb (US\$1.21/kg) for lead.
3. The results of the 2007 historical estimate has been superseded by the by the current mineral resource estimate that are supported by this TRS

Micon used block modelling methods and developed three grade constraint interpolation solids based on review of gross metal values calculated for composited drill hole analytical data. Metal prices used were US\$10.43/oz silver (US\$0.33/g), US\$1.30/lb (US\$2.86/kg) for zinc and US\$0.55/lb (US\$1.21/kg) for lead. A gross metal value threshold of US\$20 was chosen for modeling of the grade constraint envelopes. An optimized pit constraining shell for reporting of mineral resources developed using Lerches-Grossman optimization methods.

5.4.8 2008 and 2009 Pulacayo Historical Resource Estimates

Two historical resource estimates for the Pulacayo property were prepared on behalf of Apogee by Micon, with the first having an effective date of October 28th, 2008 and the second having an effective date of October 14th, 2009 (Table 5.3 and Table 5.4). Pressacco and Shoemaker (2008) reported on the first historical estimate prepared for Apogee Silver Ltd. Pressacco et al. (2010) reported on the second historical estimate.

Both historical estimates were prepared in accordance with NI 43-101 and the CIM Standards in place at the time and the supporting technical reports were filed on SEDAR. These historical resource estimates are relevant as an indication of mineralization on the property however they should not be relied upon. A QP has not completed sufficient work to classify these historical estimates as a current mineral resource and Silver Elephant is not treating these historical estimates as current mineral resources. The results of the 2008 and 2009 historical estimates have been superseded by the by the current mineral resource estimates that are supported by this TRS.

Table 5.3: Pulacayo Historical Resource Estimate - Effective date October 28th, 2008

Resource Category	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	9,556,000	75	0.61	1.46
Indicated	7,003,000	53	0.63	1.42

- (1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
- (2) The quantity and grade of reported inferred resources in this historical estimate are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
- (3) Metal prices for the estimate are US\$14.38/oz Ag, US\$0.86/lb Zn and US\$0.92/lb Pb.
- (4) Grade capping of Ag at 1800 g/t, Zn at 11.5% and Pb at 15% was applied.
- (5) The results of the 2008 historical estimates has been superseded by the by the current mineral resource estimates that are supported by this TRS

Table 5.4: Historical Pulacayo Mineral Resource Estimate – Effective October 14th, 2009

Resource Category	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	6,026,000	98.26	0.78	1.68
Indicated	4,892,000	79.96	0.79	1.64

- (1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
- (2) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- (3) The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
- (4) Metal prices for the estimate are US\$13.81/oz Ag, US\$0.86/lb Zn and US\$0.86/lb Pb
- (5) Grade capping of Ag at 1800 g/t, Zn at 11.5% and Pb at 15% was applied
- (6) The results of the 2009 historical estimates has been superseded by the by the current mineral resource estimates that are supported by this TRS.

Both Micon estimates were based on geostatistical block models developed using Gemcom-Surpac Version 6.1.1 software with metal grade interpolation carried out using Ordinary Kriging (“OK”) methods checked by Nearest Neighbour (“NN”) and Inverse Distance Squared (“ID²”) methods. The deposit was modelled using a wireframed solid developed from drilling cross section interpretations of calculated Net Smelter Return (“NSR”) values. Resource reporting included all blocks within the respective wireframed solids and metal capping values of 1,800 g/t for Ag, 11.5% Zn and 15% Pb were applied.

Mercator notes that these estimates reflect much smaller amounts of drilling than was available for subsequent mineral resource estimation programs.

5.4.9 2009 Metallurgical Testing

Universidad Tecnica de Oruro (“UTO”), Oruro, La Paz, Bolivia completed a test work program on three Pulacayo mineralization samples. These represent a higher grade, a medium grade and a lower grade composite sample, all of about 100 kg in size. UTO conducted a test work program on these three samples comprising comminution (only Bond Ball Work Index), open circuit flotation tests (“OCT”), locked cycle flotation tests (“LCT”), OCT tailings (non-float) size by size analyses and OCT tailings (non-float) sedimentation tests. These tests demonstrated that sulphide flotation to saleable lead and zinc concentrates at acceptable recoveries was possible.

5.4.10 Pulacayo Preliminary Economic Assessment

A Preliminary Economic Assessment (PEA) for Pulacayo dated June 25th, 2010 was completed by Micon for Apogee and is no longer considered valid. The assessment was positive in results and the associated technical report was filed on SEDAR. However, results of the subsequent Pulacayo deposit feasibility study prepared by TWP, a division of The Basil Read Group of South Africa superseded those of the 2010 Micon PEA.

5.4.11 2011 Metallurgical Testing

ED&ED Ingeniería y Servicios S.A.C. (ED&ED) in Peru, received two composited drill core material samples from the Pulacayo Project in 2011. One reflected low-grade material and the other reflected high grade material. Initial ED&ED flotation test work was not successful as the zinc floated with the lead in the lead differential float. ED&ED then pre-conditioned with activated carbon and subsequent differential flotation was moderately successful.

5.4.12 2011 and 2012 Historical Resource Estimates by Mercator

Mercator prepared a historical resource estimate in accordance with NI 43-101 and the CIM Standards in place at the time for the Pulacayo Deposit in 2011 for Apogee. This estimate had an effective date of October 19th, 2011 and details are presented below in Table 5.5. (Cullen and Webster (2012a)). The focus of this project was assessment of mineralization that would potentially be amenable to underground bulk mining methods. Mercator completed a revision to the 2011 historical estimate in early 2012 plus a subsequent historical estimate in 2012 that included results from additional diamond drilling completed by Apogee. Table 5.5 presents results of the 2012 historical estimate, which had an effective date of September 28th, 2012 (Cullen and Webster (2012b)). This estimate included definition of mineralization that would potentially be amenable to both underground and open pit mining methods. Both historical estimates were prepared in accordance with NI 43-101 and the CIM Standards in place at the time and the supporting technical reports were filed on SEDAR. These historical resource estimates are relevant as an indication of mineralization on the property however they should not be relied upon. A QP has not completed sufficient work to classify these historical estimates as a current mineral resource and Silver Elephant is not treating these historical estimates as current mineral resources. The results of the 2011 and 2012 historical estimates have been superseded by the by the current mineral resource estimates that are supported by this TRS.

Table 5.5: 2011 Pulacayo Deposit Historical Resource Estimate

Category	Rounded Tonnes	Ag g/t	Pb %	Zn %
Inferred	5,420,000	150.61	0.83	2.07
Indicated	5,960,000	153.14	0.91	2.04

- 1) Mineral Resources are reported above a US\$40 NSR cut-off
- 2) Metal prices used were US\$24.78/oz Ag, US\$1.19/lb Pb, and US\$1.09/lb Zn
- 3) Tonnages have been rounded to the nearest 10,000
- 4) Contributing 1 m composites were capped at 1500 g/t Ag, 15% Pb, and 15% Zn
- 5) Specific gravity is based on an interpolated ID² model
- 6) Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues
- 7) The results of the 2011 historical estimate has been superseded by the by the current mineral resource estimates that are supported by this TRS

Table 5.6: 2012 Pulacayo Deposit Historical Resource Estimate

Resource Class	Type	Tonnes	Ag g/t	Pb %	Zn %	Ag Oz	Pb M lbs.	Zn M. lbs.
Open Pit Resources (Base case 42° Average Pit Wall Slope Angle)								
Open Pit Indicated	Oxide	1,500,000	95.9	0.96	0.13	4,626,000	NA	NA
Open Pit Inferred	Oxide	248,000	71.20	0.55	0.31	569,000	NA	NA
Open Pit Indicated	Sulphide	9,283,000	44.10	0.66	1.32	13,168,000	135.90	269.54
Open Pit Inferred	Sulphide	2,572,000	33.40	0.92	1.36	2,765,000	51.99	76.88
Waste Rock (Waste/Ore 5.3: 1)		71,679,000						
Underground Resources (All blocks below 4159 m ASL with NSR > US\$ 58)								
Underground Indicated	Sulphide	6,197,000	213.60	0.86	1.74	42,547,000	117.50	237.72
Underground Inferred	Sulphide	943,000	193.10	0.43	1.61	5,853,000	8.94	43.47
Total Indicated	Oxide + Sulphide	16,980,000	110.50	0.74	1.49	60,341,000	253.40	507.26
Total Inferred	Oxide + Sulphide	3,763,000	75.90	0.79	1.43	9,187,000	60.93	120.35

Notes:

- 1) Tonnages have been rounded to the nearest 1,000 tonnes. Average grades may not sum due to rounding.
- 2) Metal prices used were US\$25.00 /Oz silver, US\$0.89/lb lead, and US\$1.00 /lb zinc. Lead and zinc do not contribute to revenue in the oxide zone.
- 3) Open pit sulphide resources are reported at a US\$13.20 NSR cut-off. Underground sulphide resources are reported at a US\$58 NSR cut-off. Open pit oxide resources are reported at a US\$ 23.10 revenue/tonne cut-off. Recovery of Zn and Pb from oxide zone resources is not anticipated
- 4) Contributing 1.0 meter assay composites were capped at 1500 g/t Ag, 15% Pb, and 15% Zn.
- 5) Specific gravity is based on an interpolated inverse distance squared model.

- 6) *Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.*
- 7) *The results of the 2012 historical estimate has been superseded by the by the current mineral resource estimates that are supported by this TRS*

The Mercator 2011 and 2012 estimates were based on validated results of surface and underground diamond drilling completed by ASC Bolivia and Apogee through various drill programs between 2002 and 2012. Modeling was performed using Gemcom Surpac Ver.6.2.1 (2011 estimate) and Ver. 6.3.1 (2012 estimate) modeling software with silver, lead and zinc grades estimated by inverse distance squared (ID²) interpolation from 1.0 meter down hole assay composites. For the 2011 estimate the block size used was 5 m (x) by 3 m (y) by 3 m (z) with no sub-blocking. The block size in the 2012 estimate was 5 m (x) by 3 m (y) by 3 m (z) with sub-blocking to 2.5 m (x) by 1.5 m (y) and 1.5 m (z). In both cases, block model results were checked using ordinary Kriging and Nearest Neighbour interpolation methods.

The polymetallic nature of the mineralization was evaluated in both 2011 and 2012 models through application of a NSR value. The underground mining scenario below the oxide surface was constrained by a minimum operating cost of US\$40 NSR/t. The US\$40 NSR/t peripheral constraining solid was created from 50 m spaced interpreted sections of assay sample NSR values. NSR values were determined from a calculator developed by John Starkey, P. Eng., of Starkey & Associates Inc., Consulting Metallurgical Engineers. The modeling used a 24 month trailing average silver price and a 27 month forward seller contract price for both lead and zinc as of August 31, 2011, which correspond to prices of US\$24.87/oz silver, US\$1.19/lb lead, and US\$1.09/lb zinc respectively. Grade interpolation for the 2012 estimate was peripherally constrained by a US\$40 NSR solid and carried out using multiple independent search ellipsoid passes for silver, lead and zinc. Contributing silver values were capped at 1,500 g/t and contributing lead and zinc values were capped at 13.5%. A specific gravity model was interpolated by ID² methodology from 1.0 meter down hole specific gravity composites.

A solid model of historic underground mining and stoping was used to remove previously mined blocks from resource estimation and an interpolated 5-meter marginal envelope to historic workings was applied to assign intersecting resource blocks to the inferred category. This reflects uncertainty in local accuracy of the underground solid model at that time. Indicated resources were only assigned outside this envelop.

5.4.13 Trial Mining, Apogee Bulk Sampling and Toll Milling

Apogee carried out a trial mining program at Pulacayo during the first half of 2012 that was focused on two hanging wall veins accessed at the 4,275 m level of the mine. This program produced approximately 7,000 tonnes of mineralized material that was stockpiled at the Pulacayo site. Both veins targeted for trial mining occur within the limits of the 2012 historical resource estimate. At that time, Apogee held the necessary environmental permits issued by Bolivian authorities to conduct mining and processing operations of up to 200 tonnes per day, which included the transport of mineralized material to an established concentrator outside the project area.

During the second half of 2012 Apogee processed two bulk samples from the trial mining at separate toll milling operations in the district. The first was carried out at Tatasi Cooperative toll milling facility approximately 100 km away in Tatasi and the second was carried out at facilities operated in Potosi by the Federación de Cooperativas Mineras de Potosí (“FEDECOMIN”) and located approximately 180 km from Pulacayo. In addition, a series of controlled laboratory bench and pilot scale tests in support of the TWP feasibility study were carried out at Maelgwyn Minerals Services Africa (Pty.) Ltd. in South Africa to replicate process flow and reagent recipes utilized during the FEDECOMIN bulk test. Results of these programs contributed to further work that ultimately resulted in the processing flow sheet that appears in the 2013 TWP feasibility study.

5.4.14 Historical Feasibility Study for Apogee

In 2012, Apogee contracted TWP to complete a feasibility study of an underground mine and concentrator plant at its 100% controlled Pulacayo Project. Results of the TWP feasibility study confirmed the technical and financial viability of the proposed mining and processing project. The results of this historical feasibility study are no longer valid.

The historical feasibility study focused on an underground mining scenario using, predominantly, mechanized under-hand cut and fill mining methods, longhole drilling and paste backfill. This study also incorporated completion of additional metallurgical test work at Universidad Tecnica de Oruro (UTO), Oruro, La Paz, Bolivia as well as at Maelgwyn Mineral Services Africa (MMSA) to develop final flow sheet parameters. FLSmidth also conducted testing on dry flotation tailings samples during this time to assess paste thickening technology.

The results of metallurgical test work carried out between 2009 and 2012 were used to guide the process plant design for the TWP feasibility study. Test work suggested that conventional crushing and milling (to P80 of 74 μm) circuits followed by lead and zinc differential flotation and

concentrates dewatering can be used to attain saleable lead and zinc concentrates containing silver credits. Life of mine recovery factors for silver, lead and zinc used in the feasibility study that were based the 2009 through 2012 programs were 86.3%, 85.6% and 85.8%, respectively. The recovery factors used for silver equivalent applied in the current technical report reflect results obtained for high grade material tested in the stage 4 test program.

As noted above, Apogee processed two bulk samples at separate toll milling operations in the district, these being at the FEDOCOMIN mill and Tatasi Cooperative mill, both in Potosi Department. Mineralized material for both tests came from a trial mining program carried out earlier in the year by Apogee on two veins accessed at the 4275 m level of the mine. This mining program produced approximately 7000 tonnes of mineralized material that was stockpiled at the Pulacayo site. Approximately 600 tonnes were processed at the Tatasi mill and 124 tonnes at the FEDOCOMIN mill.

The tests at the Tatasi plant were delayed and did not produce satisfactory results for a variety of reasons. In contrast, results of the FEDECOMIN bulk test were encouraging, with silver, lead and zinc recoveries of 86.08%, 81.77% and 79.04% returned for conventional grinding and differential flotation processing. Apogee analyzed a suite of potentially deleterious elements in the concentrate products, including iron, sulphur, silica oxide, cadmium, manganese, bismuth, arsenic, tin and copper, all of which returned values that were considered to be within acceptable limits for most smelting and refining companies.

6.0 Geological Setting, Mineralization, and Deposit

6.1 Regional Geology

In southwestern Bolivia, the Andes Mountains consist of three contiguous morphotectonic provinces, which are, from west to east, the Cordillera Occidental, the Altiplano, and the Cordillera Oriental. The basement beneath the area, which is as thick as 70 km, is believed to be similar to the rocks exposed immediately to the east, in the Cordillera Oriental, where a polygenic Phanerozoic fold and thrust belt consists largely of Paleozoic and Mesozoic marine shales and sandstones (Figure 6.1).

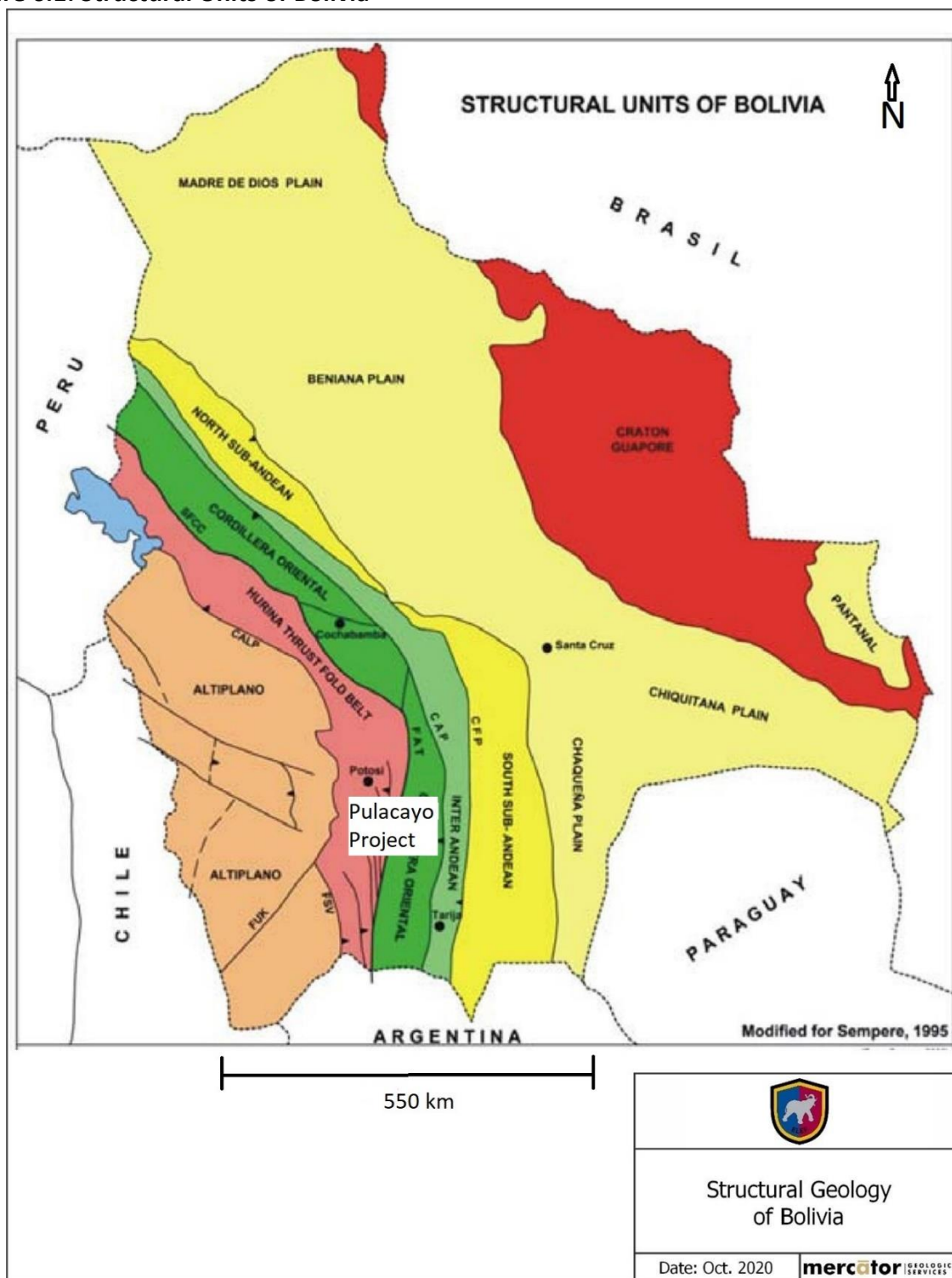
Deposited mostly on Precambrian basement, the rocks of the Cordillera Oriental were deformed during at least three tectonic-orogenic cycles, the Caledonian (Ordovician), the Hercynian (Devonian to Triassic), and the Andean (Cretaceous to Cenozoic). The Altiplano is a series of high, intermontane basins that formed primarily during the Andean cycle, apparently in response to folding and thrusting. Its formation involved the eastward underthrusting of the Proterozoic and Paleozoic basement of the Cordillera Occidental, concurrent with the westward overthrusting of the Paleozoic miogeosynclinal rocks of the Cordillera Oriental. These thrusts resulted in continental foreland basins that received as much as 15,000 m of sediment and interlayered volcanic rocks during the Cenozoic.

Igneous activity accompanying early Andean deformation was primarily focused further west, in Chile. During the main (Incaico) pulse of Andean deformation, beginning in the Oligocene and continuing at least until the middle Miocene, a number of volcano-plutonic complexes were emplaced at several localities on the Altiplano, particularly along its eastern margin with the Cordillera Oriental, and to the south. In Pleistocene time, most of the Altiplano was covered by large glacial lakes. The large salars of Uyuni and Coipasa are Holocene remnants of these lakes.

6.2 Local Geology

As described earlier, silver, lead and zinc mineralization at the Pulacayo and Paca deposits reflects a low to transitional sulphidation epithermal polymetallic system hosted by sedimentary and igneous rocks of Silurian and Neocene age. The Silurian sedimentary section underlies the volcanics and includes diamictites, sandstones and shales. The Neocene rocks are predominantly volcano-sedimentary in origin and include conglomerates, sandstones, rhyolitic tuffs, dacitic-rhyolitic domes, andesitic porphyries and andesitic flows.

Figure 6.1: Structural Units of Bolivia



The Pulacayo Project that includes both the Pulacayo and Paca deposits is located on the western flank of a regional anticline that affects sedimentary and igneous rocks of Silurian, Tertiary and Quaternary ages on the western side of the Cordillera Oriental, near the Cordillera-Altiplano boundary. Figure 6.2 presents an interpretation of local geology and the structures and features discussed below are considered to be particularly important with respect to localization of mineralization in the Pulacayo district.

The Uyuni-Khenayani Fault is a reverse fault which is believed to have controlled localization of volcanic center complexes at Cuzco, Cosuño, Pulacayo and San Cristóbal and related mineralized areas at Pulacayo, Cosuño, El Asiento, Carguaycollu and San Cristóbal. This fault brings Tertiary sediments in contact with Paleozoic formations at surface and is located about 4 km west of Pulacayo (Figures 6.2 and 6.3).

As noted above, the mineralized zones at Pulacayo, Pacamayo and Paca all occur on the west flank of a north-south striking anticline. Local topographic highs define Lower Miocene dacitic-andesitic domes and stocks associated with caldera resurgence that intrude the folded section. A younger Miocene-Pliocene phase of volcanism is also superimposed on the anticlinal trend and is marked by pyroclastic deposits and flows of andesitic and rhyolitic composition. Ignimbrites associated with the Cosuño Caldera are the youngest volcanic deposits in the area. A dacitic to andesitic dome complex at the Pulacayo property intruded the folded sedimentary section and forms the main topographic highs that occur on the property (Figure 6.3).

Detailed mapping was carried out by ASC and Apogee in the Paca deposit area and this served to support a comprehensive interpretation of stratigraphy, the relationship of silver-lead-zinc mineralization to local structural features, wall rock alteration trends and distribution of volcanic intrusion and breccia centers related to mineralization. Figure 6.4 presents a detailed interpretation of Paca area geology recently prepared by Silver Elephant that reflects results of 2020 mapping. Table 6.1 includes summarizes characteristics of major stratigraphic units present (stratigraphic column) and Table 6.2 identifies volcanic sub-units used by Apogee in detailed property mapping.

Figure 6.2: Regional Geology Map

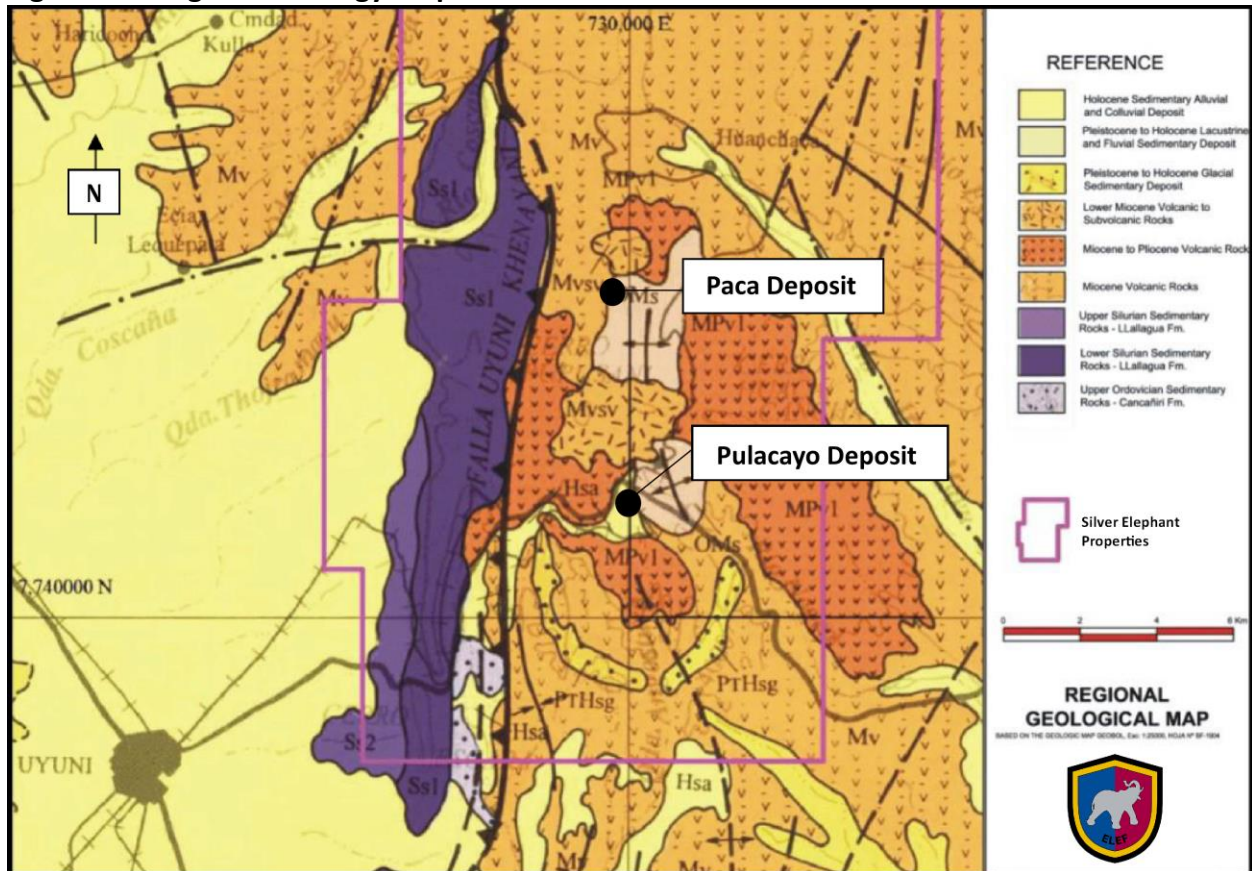


Figure 6.3: Local Geology of the Pulacayo Property

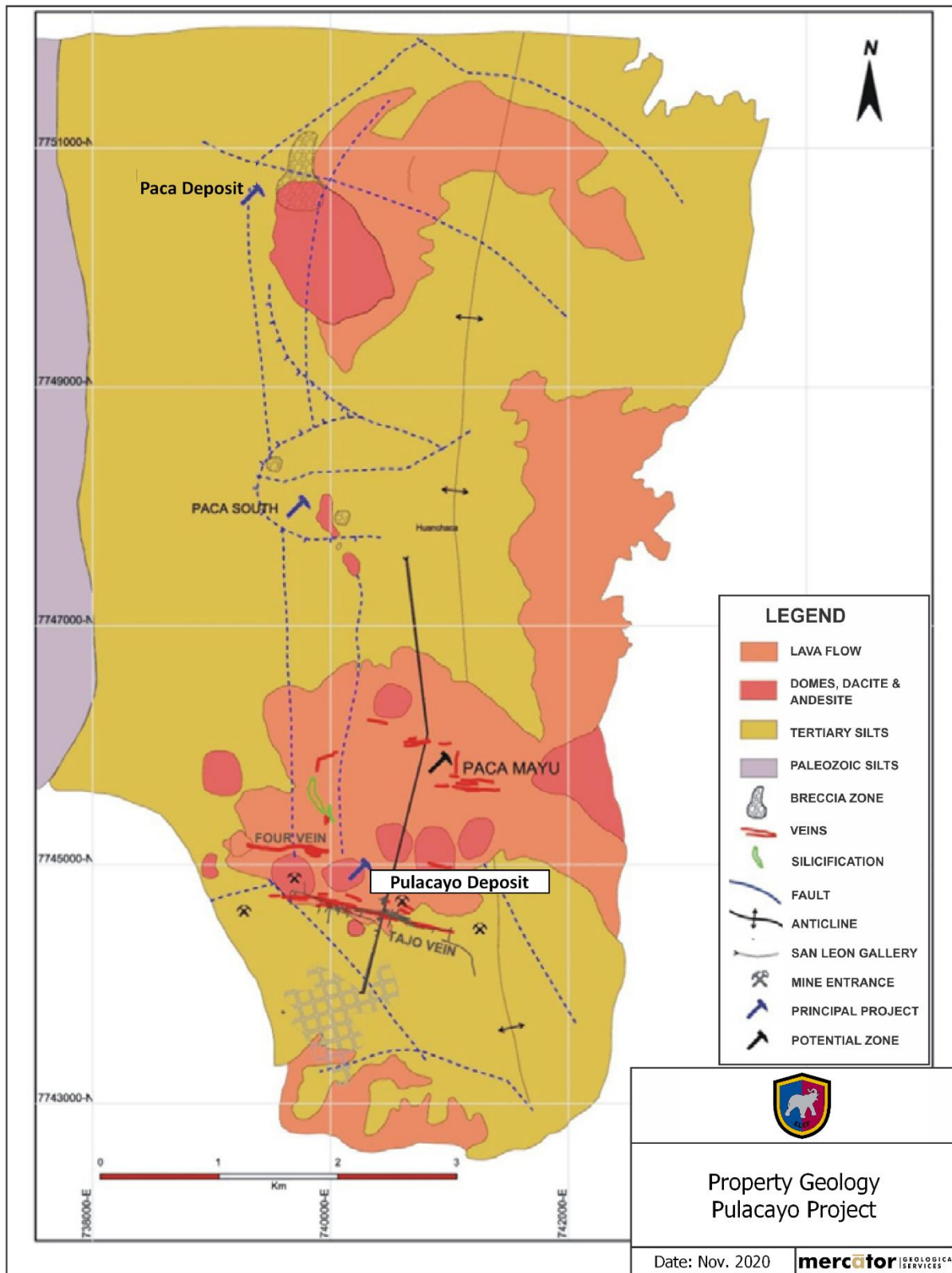


Figure 6.4: Local Geology of the Paca Deposit Area

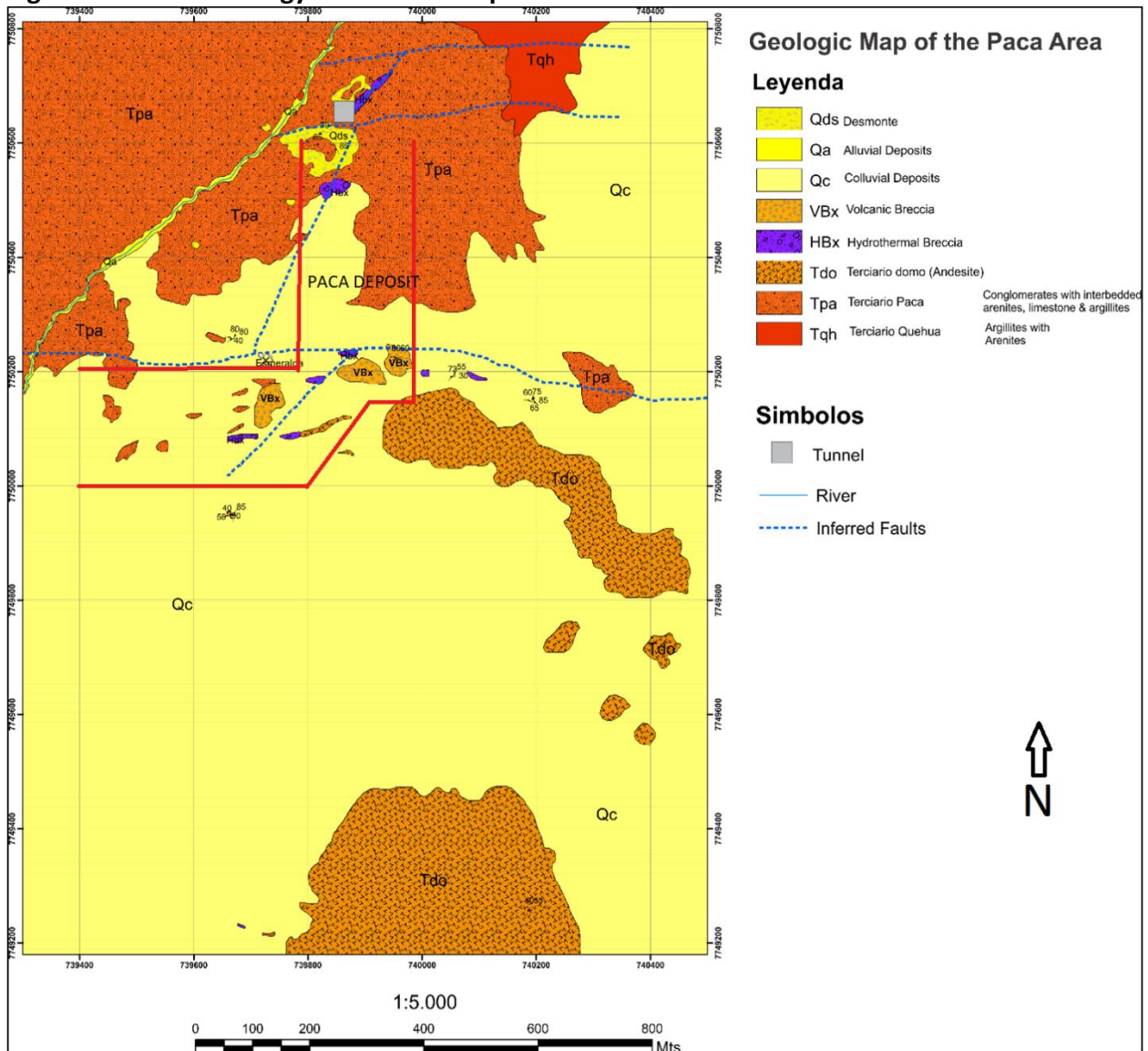


Table 6.1: Major Stratigraphic Units of the Pulacayo-Paca Area (Stratigraphic Column)

Unit	Age	Description
Quehua Formation	Lower Miocene (15-20 Ma)	Red to grey tuffaceous sandstone, lapilli tuff, claystone and lesser conglomerate plus interbedded and intrusive igneous volcanic units
San Vicente Formation	Oligocene (25-30 Ma)	Red conglomerate with Cretaceous and older clasts plus red sandstone and claystone
Potoco Formation	Eocene (30-50Ma)	Interbedded red conglomerate, sandstone and claystone; thickness unknown

Table 6.2: Volcanic Sub-Units within the Quehua Formation in the Pulacayo-Paca Area

Volcanic Sub-Unit	Description
Rothchild Andesite	Non-equigranular, plagioclase porphyritic domal andesite in Pulacayo area
Megacrystal Andesite	Non-equigranular, plagioclase porphyritic andesite flow having broad distribution in Pulacayo area and north of Paca
Volcaniclastic	Debris flows of Megacrystal and Rothchild andesite sub-units associated with Megacrystal andesite distribution
Flores Andesite	Non-equigranular, quartz-bearing, plagioclase porphyritic andesite and dacite associated with north-south structural trend
Paisano	Grey, locally banded, non-equigranular, plagioclase porphyritic andesite; probable dike
Cantera Andesite	Dark grey, equigranular andesite that post-dates mineralization
Andesite Dike	Dark grey, fine grained, biotite hornblende andesite intrusion north of Paca area
Huaca Cancha Andesite	Dark grey, medium to fine grained andesite in intrusions and flows east of Pulacayo that post-date mineralization
Pupusani Andesite	Dark grey flows, breccias and related intrusions along north-south trend west of Pulacayo
Paca Dome	Greenish grey, biotite andesite intrusion; locally porphyritic or altered, plus volcaniclastic and hydrothermal breccias

6.3 Structure

The Pulacayo, Pacamayo and Paca volcanic dome complexes occur along a north-south corridor defined by two parallel, north-south trending regional faults that are separated by about 2.7 km (see Figure 6.3). The domes occur over an interval measuring approximately 10 km in length. Polymetallic vein and wall rock mineralization that is prominently exemplified by the Pulacayo deposit are controlled by east-west trending secondary faults that cut Tertiary sediments and volcanic rocks of the Pulacayo dome. The main Pulacayo stockwork vein system was emplaced on the southern side of the Pulacayo dome complex and is best exemplified by the Tajo Vein System (TVS) (Figure 6.5). The TVS bifurcates in andesitic rocks to form separate veins that collectively form a dense network or stockwork of veinlets along strike. The bifurcating polymetallic veins are commonly separated by altered andesitic rock that contains disseminated sulphide mineralization.

Figure 6.5: Structural Interpretation for TVS at Pulacayo Project



(Updated from Cullen and Webster, 2017)

The TVS is approximately 2,700 m in defined strike length at surface and is still present at a depth of 1,000 m below surface in the lowest level of the underground mine. In the upper levels of the mine, the stockwork vein system locally reaches approximately 120 m of mineralized width. The polymetallic veins exhibit a sigmoidal geometry along strike, which is generally interpreted to be the result of sinistral movement along the 2 north-south oriented bounding faults mentioned earlier (see Figure 6.4).

At the Paca deposit, 7 km north of the Pulacayo deposit, north-south trending reverse faults that parallel the major Khenayani fault corridor have been mapped. These are in addition to both east-west trending extensional structures of lesser magnitude that cross the area and discrete, arcuate fault segments that are concentrically disposed around the Paca Dome. Pressacco and

Gowans (2007) note that Apogee geologists interpreted presence of four north-northeast to south-southwest oriented fault blocks close to the contact of the Paca Dome with surrounding sedimentary rocks (see Figure 6.3). These structures are believed to have been important conduits for hydrothermal fluids associated with development of wall rock alteration and associated silver-lead zinc mineralization of economic interest at Paca.

6.4 Alteration

Wall rock alteration is spatially associated with the main silver-zinc-lead mineralized vein system trends at Pulacayo and includes propylitic, sericitic, moderate to advanced argillic, and siliceous assemblages. Similar alteration assemblages occur in association with silver-zinc-lead mineralization at Paca, where disseminated (“mantos”) and breccia hosted styles of mineralization predominate over vein styles. Host rock composition exerts a strong local influence on both the nature of alteration assemblages and their relative development intensity.

On this basis, spatial distribution of hydrothermal alteration assemblages in the district is a useful indicator of proximity to mineralized structures. Moderate argillic alteration is observed throughout the Pulacayo dome and Paca dome areas and this transitions to intense argillic alteration in close proximity to veins and disseminated-stockwork zones. Haloes of silicification are developed at Pulacayo around vein contacts and measure up to several cm in width in some cases. Silicification grades into advanced argillic alteration as distance into the wall rock increases from the vein contact and this gradually grades to argillic and propylitic zones with greater distance from the contact. At Paca, argillic and advanced argillic alteration assemblages that commonly include abundant alunite occur in association with silver-zinc-lead mineralization and are concentrated around the Paca dome andesite’s contact with surrounding volcanoclastic sedimentary rocks and volcanic breccias (see Figure 6.4). A mineralized, heterolithic conglomerate unit that is well-exposed at surface and also encountered at shallow depths in some Paca drill holes appears to have been preferentially silicified during the alteration and mineralizing processes that affected these rocks.

A strong potassic alteration imprint developed within porphyritic andesite in the Paca area, with this being represented by presence of pink potassium feldspar phenocrysts and secondary biotite. This alteration is defined by the following alteration assemblages:

- Barite, quartz, dolomite, calcite
- Pyrite with native copper
- Tetrahedrite, sometimes with alteration jamesonite or chalcopryrite
- Sphalerite plus galena, chalcopryrite plus galena, and chalcopryrite in sphalerite
- Stephanite, tennantite and pyrargyrite

6.5 Mineralization

The Pulacayo and Paca deposits are considered to be related to the same mineralizing event that is associated with development of the associated Paca and Pulacayo volcanic centers. For completeness, summary descriptions of mineralization characterizing each deposit are presented below under separate headings.

6.5.1 Pulacayo Deposit

The Pulacayo deposit is considered an example of a sub-volcanic epithermal mineralization system showing well developed vertical metal zonation. The main mineralized vein and stockwork system that comprises the deposit developed on the southern flank of the dacitic Pulacayo intrusive dome and shows a surface strike dimension of approximately 2,700 m. At Pulacayo, east-west striking faults are interpreted to have acted as a conduit system for mineralizing fluids, with sulphide precipitation in open spaces to form veins and along fractures or by replacement to form zones of disseminated mineralization. Changes in temperature, pressure and redox state between the wall rock and fluid are thought to have influenced the style and intensity of mineralization. As such, silver lead and zinc mineralization at the Pulacayo deposit is typical of a high-level epithermal system that in this case is hosted by sedimentary and intrusive rocks of Silurian and Neocene age.

The principal mineralized structure at Pulacayo is the TVS which has historically been the main silver producer of the mine. The TVS is a large structural stockwork vein system that trends east-west and dips 75° to 90° to the south (see Figure 6.5). The high-grade parts of the TVS were historically mined as single veins over widths of 1 m to 3 m but transitions occur from this setting into zones of complex quartz-sulphide or sulphide vein arrays that include conjugate veins, veinlets, stockworks and disseminated sulphides that range in width from less than a metre up to 120 m.

Mineralization of economic interest at Pulacayo is predominantly comprised of sphalerite, galena and tetrahedrite in sulphide-rich veins and stringers that are accompanied by locally abundant quartz, barite and pyrite. These veins range from a few cm to 3 m or more in thickness and disseminated sphalerite, galena and tetrahedrite typically occur in wall rock between veins. Disseminated mineralization is preferentially developed around and between veins hosted by andesite. To date, the TVS system has been continuously proven by a combination of mining, drilling and surface exposure along a strike length of about 2,700 m and to a vertical depth of 1000 m below surface. Mercator considers the deposit to remain open in both strike and dip components at the effective date of this report. The first 450 vertical m of the TVS is hosted by andesitic volcanic rocks and the remaining 550 vertical m is hosted by underlying Silurian

sedimentary strata as shown in the representative geological cross section for the Pulacayo deposit in Figure 6.6. Veins at Pulacayo commonly contain semi-massive to massive sulphide and show internal features such as compositional banding, crustiform texture and drusy character (Figure 6.7). They also frequently exhibit vuggy texture and have local infillings of quartz and barite (Figure 6.8).

Figure 6.6: Pulacayo Deposit Representative Geological Cross Section

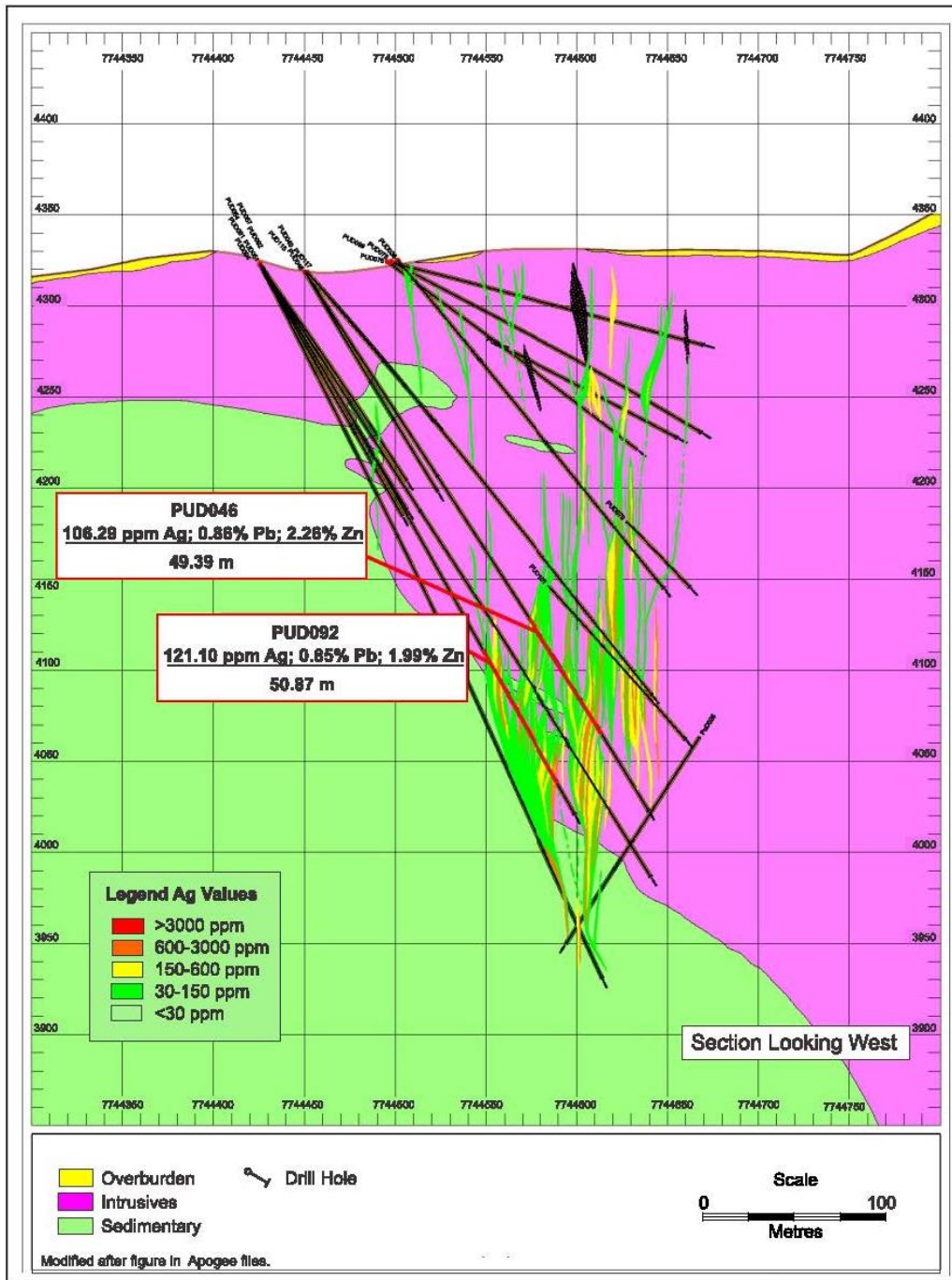


Figure 6.7: Crustiform Texture in HQ Core (~63.5 mm Width) - Pulacayo



Figure 6.8: Vuggy Quartz and Barite in HQ Core (~63.5 mm width) – Pulacayo



6.5.2 Paca Deposit

The Paca deposit is spatially related to the contact zone of the Paca volcanic dome which is comprised of porphyritic andesite and dacite units and related volcanic breccias that were described above (Figure 6.9). These are hosted by fine grained to conglomeratic volcanoclastic lithologies of the Quehua Formation.

Figure 6.9: View of Paca Deposit Argillic Alteration in Volcaniclastic Sequence



Silver-zinc-lead mineralization at Paca occurs primarily within an argillic to advanced argillic alteration envelope that affects both Paca dome igneous lithologies and surrounding host sequences. Silicification and alunite development are also well developed in association with some portions of the deposit. The Paca deposit presents a core zone of mineralization that correlates closely with an irregularly shaped body of altered and brecciated andesite and country rocks that closely follows the contact zone between the Paca dome andesite and the shallowly north-dipping host volcanoclastic sequence. Adjacent to this, stratabound replacement style (“mantos”) mineralization is present within the shallowly north-dipping host volcanoclastic sequence at several elevations. Mantos mineralization merges with that seen in the central breccia zone but is typically lower in all metal grades. A representative example of mantos style disseminated mineralization appears in Figure 6.10 and Figure 6.11 presents an example of breccia style mineralization.

A poly lithic conglomerate unit that outcrops in the deposit area is also mineralized and shows a strong imprint of silicification represented by micro-crystalline replacement style silica in various forms. This unit was mapped by Apogee and a small program of reverse circulation style drilling

was carried out by Apogee to assess it more fully. This drilling program encountered technical difficulties and was not deemed to have been successful.

Figure 6.10: Disseminated Mantos Style Mineralization - Paca Hole PND-061 at ~180m



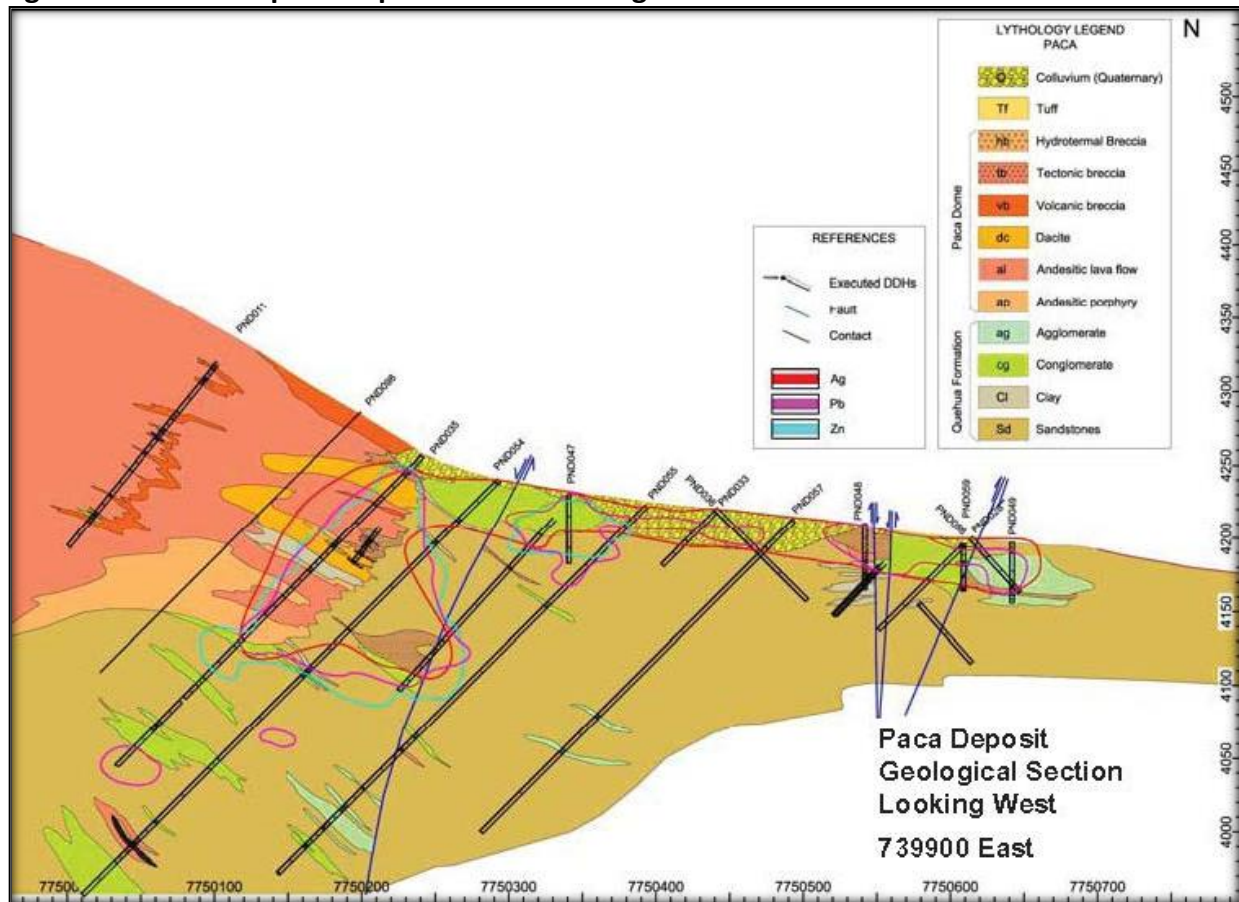
Figure 6.11: Breccia Hosted Style Mineralization – Paca Hole 092 at ~ 47m



The conglomerate style of stratabound mineralization was the focus of limited bulk sampling and on-site processing during the Hochschild operational period at Pulacayo and deposits of resulting crushed waste material were sampled by Silver Elephant staff in 2015 to assess their economic potential.

A representative geological cross section through the Paca deposit showing the main mineralized trends and associated lithologies is presented in Figure 6.12.

Figure 6.12: Paca Deposit Representative Geological Cross Section

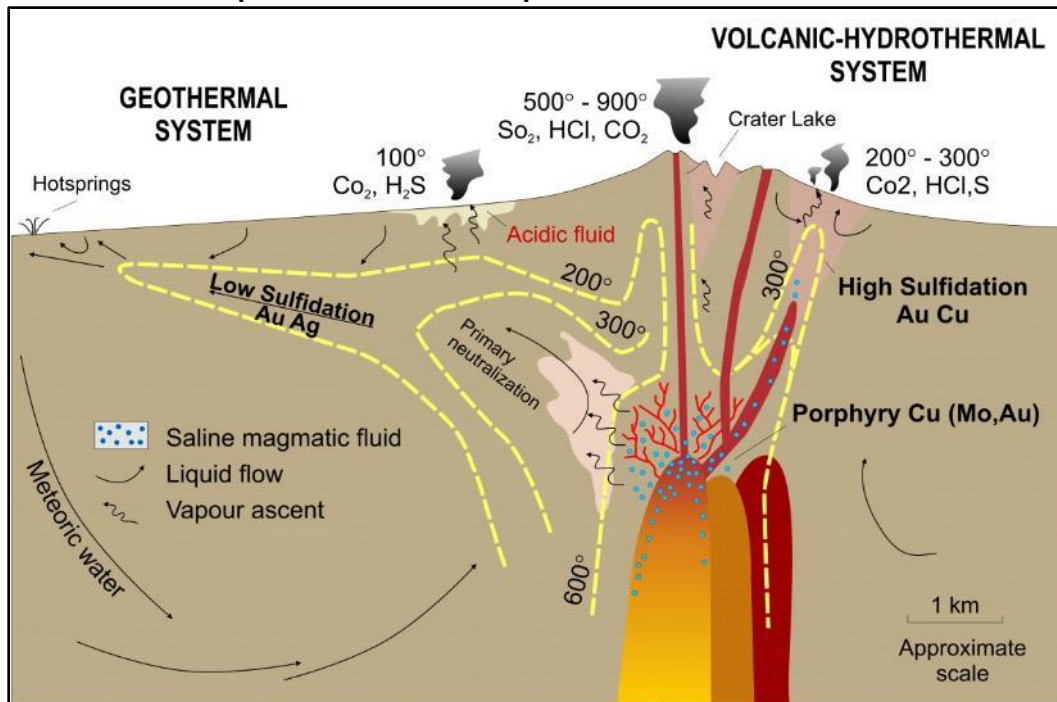


Mineralization associated with discrete veins of significant width and lateral extent is not pervasively present at Paca. Mineralization more typically occurs in irregularly spaced discrete fracture systems as well as in matrix replacement sites. The mantos style mineralization is primarily represented as finely disseminated, fine grains and aggregates of silver, lead and zinc sulphide and sulphosalt phases, accompanied by others such as manganese oxide and barite. Argillic to advanced argillic alteration phases are pervasively present in areas of significant metallic mineralization. Mineral phases commonly recognized at Paca in association with metal grades of economic interest include sphalerite, galena, silver sulphosalts, tennantite, smithsonite, barite, manganese oxide, gypsum, jarosite, specularite, cerussite, dolomite aragonite and calcite.

6.6 Deposit Types

The Pulacayo and Paca deposits have been classified as epithermal deposits of low to intermediate sulphidation state. Deposits of this type have been extensively researched and various summary publications that document specifics of the association are available. Examples of these include Lindgren (1922), White and Hedenquist (1994), Corbett and Leach (1998) and Corbett (2002). More recently, Arce (2009) classified the silver-zinc lead deposits associated with the Pulacayo dome as being of transitional association between high and low sulphidation types. The following discussion of deposit type incorporates attributes of the Pulacayo vein and stockwork style deposit as well as the Paca stratabound mantos and breccia style deposits. The premise is that these deposits are similar in being directly related to development of the discrete Pulacayo and Paca volcanic dome complexes that are of comparable age and similar magmatic affinity. Figure 6.13 provides a schematic illustration of this deposit setting.

Figure 6.13: Genesis of Epithermal Mineral Deposits



(From White and Hedenquist, 1994)

Several key geological characteristics of the Pulacayo deposit support its classification as a low to intermediate sulphidation epithermal deposit associated with the Pulacayo volcanic dome. The main elements of this association, exclusive of well developed quartz-sulphide vein or lode systems present at Pulacayo, also apply to silver, zinc and lead mineralization and alteration of the Paca deposit that are related to the separate, but similar age, Paca volcanic dome complex.

- The vein and disseminated sulphide mineralization is hosted by Tertiary volcanic rocks of intermediate composition that form part of an outcropping dome complex.
- The mineralized body is composed of narrow veins, veinlets, stockworks and disseminations in argillically-altered host rock that are controlled by an east-west oriented fault system. Width of the mineralized zone varies from a few metres or less to 120 m.
- Sedimentary rocks intruded by the dome complex host high grade veins such as TVS that are typically less than 3 m in width but transition to stockwork and disseminated zones in overlying andesitic volcanic rocks that reach as much as 120 m in width.
- The sulphide mineralization at Pulacayo has been proven to continuously occur along strike for 2,700 m and to a depth of approximately 1000 m below surface.

- Paca mineralization of the core breccia zone trend has been defined by drilling to date along a strike length of approximately 400 m and to a vertical depth of 250 m below surface, while the shallowly dipping mantos mineralization defined by drilling occurs within an area measuring approximately 750 m by 800 m.
- Both the Pulacayo vein system and Paca breccia and mantos style mineral assemblages are relatively simple, and in combination are diagnostic of an epithermal setting. They consist of galena, sphalerite, tetrahedrite, and other silver sulfosalts that form the main assemblage of economic interest, plus barite, quartz, pyrite and calcite that are present as gangue phases. Chalcopyrite and jamesonite are present in minor amounts locally.
- Internal texture of veins is typically banded and drusy with some segments containing almost massive sulphides. This is typical of epizonal veins that have been subjected to multiple pulses of mineralizing fluid.
- Vertical metal zonation exists at Pulacayo within the deposit that includes a plunging mid-elevation zone of highest silver values that transition with depth to progressively increasing total base metal concentrations.
- The Paca silver-zinc-lead mineralization is spatially zoned, with highest silver occurring in the central breccia bodies and highest zinc and lead values and lower to moderate silver levels characterizing the stratabound mantos zones.

7.0 Exploration

7.1 Surface Exploration Programs

Silver Elephant's past approach to Pulacayo Project exploration has been to concentrate on assessment of the main Pulacayo and Paca deposits with respect to their potential to provide sufficient high-grade mineralization to sustain a future milling rate of approximately 500 tonnes per day. This approach was reflected in the historical resource estimates for the Pulacayo and Paca deposits prepared by Mercator that are referenced herein as Cullen and Webster (2017).

Silver Elephant's current assessment strategy for the Pulacayo Project focuses primarily on definition of current mineral resources having reasonable prospects for economic extraction using open-pit mining methods. The Pulacayo Project mineral resource estimate, effective October 13th, 2020, that is supported by this technical report therefore evaluates lower grade silver-zinc-lead mineralization constrained by open pit optimization methods. This mineral resource estimate includes 2019-2020 diamond drilling program results for 18 drill holes (3,277 m) at the Pulacayo deposit and 7 drill holes (860) m at the Paca deposit.

Additional drilling completed by Silver Elephant in late 2020 and early 2021 and described in this TRS are considered exploration drilling programs. A total of 13 drill holes for a total of 2,263 m were completed on the Paca Deposit and a total of 10 drill holes for 3,608 m were completed on the Pulacayo Deposit. These drill programs were completed subsequent to the current mineral resource estimate effective October 13th, 2020. Several drill holes occur within the limits of current mineral resources for both deposits and confirm the style and character of mineralization demonstrated in previous drilling results. The majority of late 2020 and 2021 drill holes are located outside of the current mineral resource estimate. The QP is of the opinion that the late 2020 and early 2021 drill program results have no material impact on the current mineral resource estimate for the Pulacayo Project. They are disclosed below to summarize all drilling completed on the Pulacayo Project as of the effective date of this TRS and were completed subsequent of the current mineral resource estimate effective October 13th, 2020.

Silver Elephant completed various geological mapping and surface sampling programs over several areas of mineralization on the property during the 2015 through 2017 period. Recent exploration additional to the core drilling program noted above includes a geological mapping and chip sample program completed in February 2020 for the Paca area and a San Leon Tunnel geological mapping and chip sample program completed in February-March of 2020. The company had previously carried out a program of tailings and waste rock pile grade assessment.

Summarized results of the exploration programs carried out by Silver Elephant at Pulacayo, Paca and various other mineralized areas since acquisition of the Pulacayo Project in January of 2015 are presented below under separate headings.

7.1.1 Sampling of Tailings and Waste Rock Deposits

In December of 2014, Silver Elephant retained senior consulting geologists Mr. Hernán Uribe-Zeballos and Mr. Luis Barrera-Iriondo to carry out a surface sampling program of tailings and waste rock materials present in seven areas of the Pulacayo property (Figure 7.1). The largest deposits occur adjacent to the mill site at Pulacayo village, where most historic production from the TVS was processed (Figures 7.2 and 7.3). Smaller deposits occur at the Pero, Pacamayo, Paca, Candelaria- Rothschild and Florez sites. Multiple piles or deposits occur in some areas (Figures 7.4 and 7.5).

Figure 7.1: Location Map for Tailings/Waste Rock Program Sampling Sites



Figure 7.2: View of Pulacayo 1 Tailings/Waste Rock Deposit



Figure 7.3: Typical Sampling Site on Pulacayo 1 Tailings/Waste Rock Deposit



Figure 7.4: View of Pacamayo Tailings/Waste Rock Deposit



Figure 7.5: View of Paca 2 Tailings/Waste Rock Deposit



7.1.2 Description of 2014 Tailings Sampling Program

Silver Elephant's consultants completed a program of systematic surface sampling at the locations noted above. The dimensions of each tailings/waste rock deposit were recorded, and sampling patterns were laid out in the field to provide spatial coverage of respective deposits. Sampling was typically carried out by digging shallow pits on the deposit surface from which sample material was recovered. Pits generally ranged in depth from 50 cm to approximately 1.0 m. Several deeper excavations were made on the large piles at the main Pulacayo site using an excavator.

A total of 290 field samples were collected during the program and these were augmented by 12 samples for quality control and assurance purposes. Field samples typically ranged in weight between 2.5 kg and 3.0 kg and were sent to ALS Laboratories ("ALS") in Lima, Peru for analysis. ALS is an independent, fully accredited, commercial analytical firm with laboratories registered to the ISO 17025 standard that provides service to the mining and exploration industries on a world-wide basis. Location coordinates were developed for all sample sites and descriptions of the material collected at each site were recorded by the consultants.

7.1.3 Results of 2014 Tailings Sampling Program

Average results for silver, lead, zinc, gold and indium for each of the sampled areas are presented below in Table 7.1. These show that substantial differences exist between average metal values for the sample sets collected at the various sites. Samples were obtained at random locations on the top surface of those piles from small holes excavated with an excavator and systematically at 2 m spacings in the walls (slopes) of the piles from hand dug or excavated trenches, all at depths of 1.2 to 1.5 meters. The samples were then preserved, stored, secured, and transported following industry standard methods. The assay program was performed by ALS Minerals Ltda. of Lima, Perú and included standard QA/QC samples to enforce the validity of the results.

Results of sampling programs carried out to date by Silver Elephant on the tailings/waste rock deposits are useful in providing preliminary assessments of surface material metal levels in the deposits. They do not, however, include systematic quantification of metal levels below the surface extents of the various deposits. The report authors are of the opinion that the nature and extent of current tailings sampling programs and related analytical data sets are insufficient to support estimation of mineral resources for any of the associated tailings deposits.

Table 7.1: Metal Levels for 2014 Tailings and Waste Rock Sampling Program

Sampled Site	Number of Samples	Ag (g/t)		Pb (%)		Zn (%)		Au (g/t)		In (g/t)	
		Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Pulacayo 1	91	5.7	679	0.02	1.44	0.01	1.12	0	7	0.388	22
Pulacayo 2	105	6.54	406	0.03	2.2	0.02	1.65	0	5.8	1.19	45.5
Pulacayo 3	5	53.6	773	0.29	3.8	0.18	3.36	0.2	2.3	11.25	154.5
Pero 1	35	49.4	716	0.27	2.63	0.05	2.33	0	<0.2	0.898	7.95
Pero 2	4	2.71	540	0.02	2.48	0.01	1.05	0	0.2	0.305	35
Flores 1	4	0.63	94.7	0.14	3.2	0.06	7.32	0	<0.2	0.057	13.35
Flores 4	7	0.52	239	0.1	5.12	0.04	12.3	0	<0.2	0.027	13.75
Pacamayo	34	17.55	1200	0.09	3.59	0.04	0.97	0	0.5	1.335	22.9
Paca 1	3	93.8	414	1.04	2.09	0.55	1.36	0	<0.2	0.43	0.55
Paca 2	5	33.5	381	0.23	1.01	0.03	0.16	0	<0.2	0.019	3.01
Rothchild	2	50.3	194	1.12	3.88	0.29	0.34	0	<0.2	11.05	14.85
Candelaria	4	1.83	72.1	0.02	0.6	0.04	1	0	<0.2	0.538	3.53

Preliminary metallurgical tests on a collection of tailings/waste rock samples were also carried out in 2015 at the Laboratory of Minerals Concentration located in La Paz, Bolivia. This facility forms part of the Engineering Faculty of the Higher University of San Andrés (UMSA) and specializes in the creation and execution of metallurgical experimental work in ferrous, non-ferrous and non-metallic minerals. Highlights of related differential flotation tests include producing lead concentrate with a silver grade of 3,765 g/t Ag at 64.5% Ag recovery (sample Pulacayo 2) and a zinc concentrate with a silver grade of 3,600 g/t Ag at 59.7% silver recovery (sample Paca 2). In addition, five of the six samples produced lead or zinc concentrate having a silver grade greater than 1,000 g/t. Silver recovery in other samples ranged from 1.68% to 54.23%.

The 2015 tailings and waste rock sampling results show wide ranges in values and this is reflected in Table 7.1. It was anticipated that a substantial range in subsequent metallurgical test recoveries would be returned from the initial 2015 sampling program material and the summary recovery range comments provided above for silver support this view.

Due to the nature of the deposits being sampled, it was not possible to categorize the degree to which the samples could be considered representative of larger volumes of material present throughout the source deposits. It must be emphasized that the 2015 program was preliminary in nature and that results cannot at this time be used to definitively identify processing factors or elemental associations present that would have a significant effect on potential future economic extraction of the sample material. Further testing is required to refine such factors.

Notwithstanding these qualifications, results of the preliminary test program show that good metal recoveries can in some cases be obtained for waste pile materials.

7.1.4 2015 Field Mapping and Sampling Programs

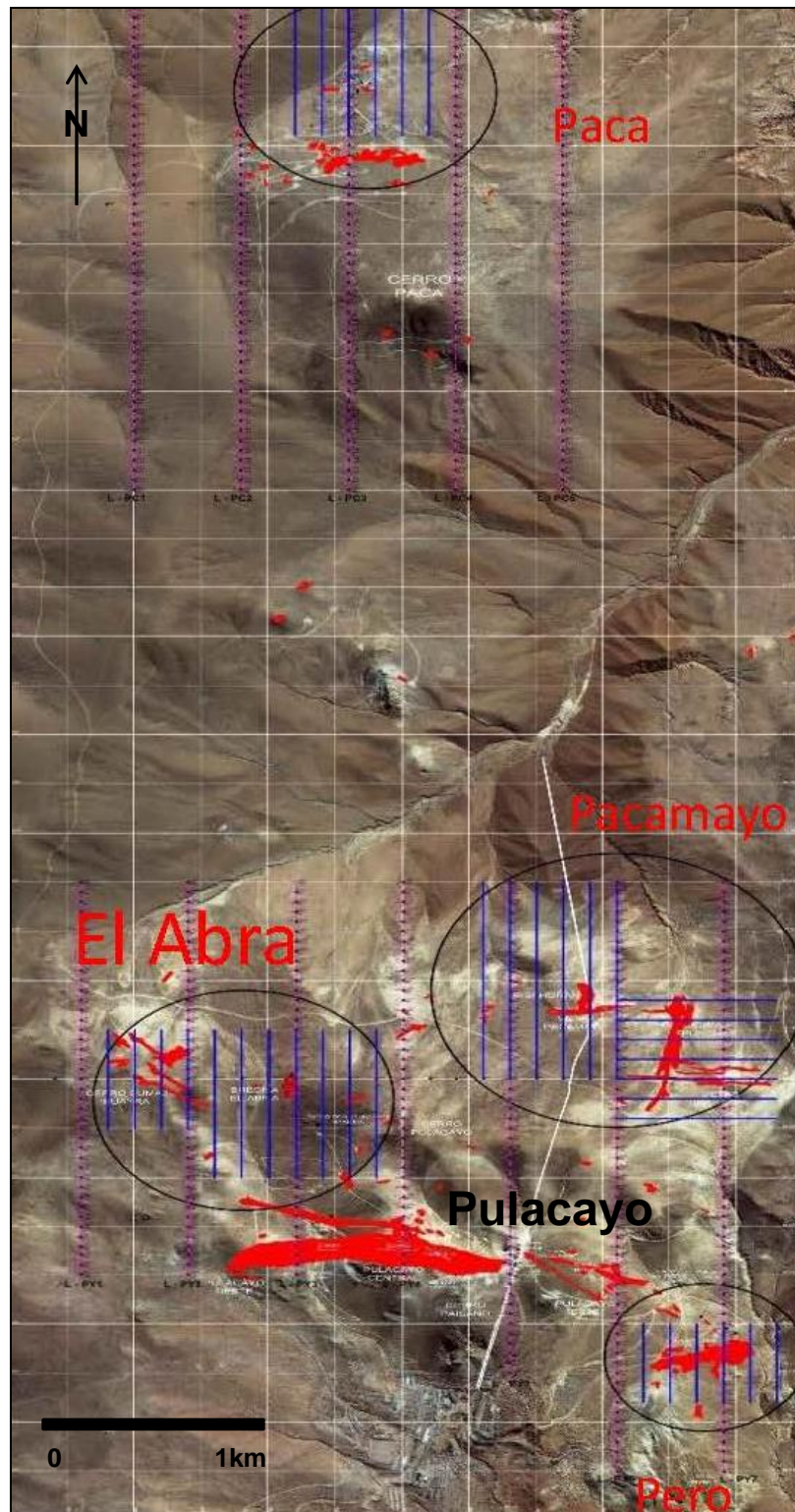
During the July through early September period of 2015, Silver Elephant staff carried out surface geological mapping and sampling programs in several mineralized areas on the Pulacayo property. These areas include El Abra, Pero, Paca Mayo, Paca and Pulacayo West. Most of these sites were visited by Mercator staff during the 2015 site visit and the mineralized areas appear below in Figure 7.6. Mapping and sampling results confirmed the presence of mineralized structures in each of the mineralized areas and Silver Elephant staff have recommended further follow up in each area. Summarized surface sampling results for the 2015 program appear in Table 7.2.

Table 7.2: Summarized Surface Sampling Results from Silver Elephant 2015 Surface Program

Target Area	No. of Samples Reported in Disclosure	Silver Range (g/t)	Zinc Range (%)	Lead Range (%)	Disclosure Date
El Abra	7	0.72 to 38.9	0.00 to 0.00	0.00 to 1.56	August 27, 2015
Pacamayo	9	18.2 to >1500	0.02 to 6.96	0.01 to 17.6	August 27, Sept 18, 2015
Paca	14	45.8 to 833	0.02 to 0.10	0.03 to 2.16	August 27, 2015
Pero	27	0.5 to 118	0.00 to 0.08	0.00 to 4.32	September 9 th , 2015

The El Abra, Pacamayo and Paca assay results are from chip samples 0.60 to 2.0 m in length and the Pero assay results are from chip samples 0.50 to 2.0 m in length. QAQC samples were included with the chip samples and upon review showed no significant variation from the accepted values. Records documenting sample identity and secure handling were maintained. No conditions are known that would place the assay results in question. ALS Global performed the sample preparations and assaying and is a qualified and fully accredited analytical services firm.

Figure 7.6: Location Map for 2015 Field Mapping and Sampling Mineralized Areas



7.1.5 2015 Esmeralda Adit Underground Sampling Program

During June of 2016, Silver Elephant initiated an underground sampling program on portions of the Esmeralda adit of the Paca deposit. This is the same adit sampled by Apogee during 2006 and reported in Section 5 of this TRS. Report author's Cullen and Harrington visited the area during the 2015 site visit and report author Dr. Arce visited the area during the 2020 site visit. A total of 233 samples were collected and assay results for the first group of 40 samples collected were disclosed by Silver Elephant on August 12, 2016. Samples were obtained at one meter intervals from near-surface drifts within the Paca mine workings, which have limited extent. The area of sampled drifts has an estimated dimension of 90 metres length (east to west) and 75 metres width (north to south). Mineralization mainly consists of silver-bearing sulphides (mostly tennantite), galena and sphalerite disseminated within the sedimentary and volcanic breccia host rocks. The sampled area is within the Paca mineral resource boundary but the 2015 analytical results were not included in the block model used to estimate current mineral resources.

Ag values for the samples ranged from 15 to 1500 g/t Ag (average of 331 g/t Ag), Zn values ranged from 0.07 to 2.49% Zn (average of 0.6 Zn%), and Pb values ranged from 0.5 to 6.72% Pb (average of 1.9% Pb). The chip samples and QAQC samples were delivered to ALS in Oruro, Bolivia for preparation, with analysis by ALS in Lima, Peru. The QAQC samples included standard reference, duplicate and blank samples, all of which, produced acceptable results. ALS is an independent laboratory and was qualified and accredited by the Colombian Institute of Technical Standards and Certification (ICONTEC) and the Standards Council of Canada for the methods used during the time the samples were prepared and assayed. It is also registered to the ISO-17025 Standard. Records were maintained to document the secure handling of the samples and to verify their identities were maintained.

7.1.6 November 2016 AVS Sampling Program

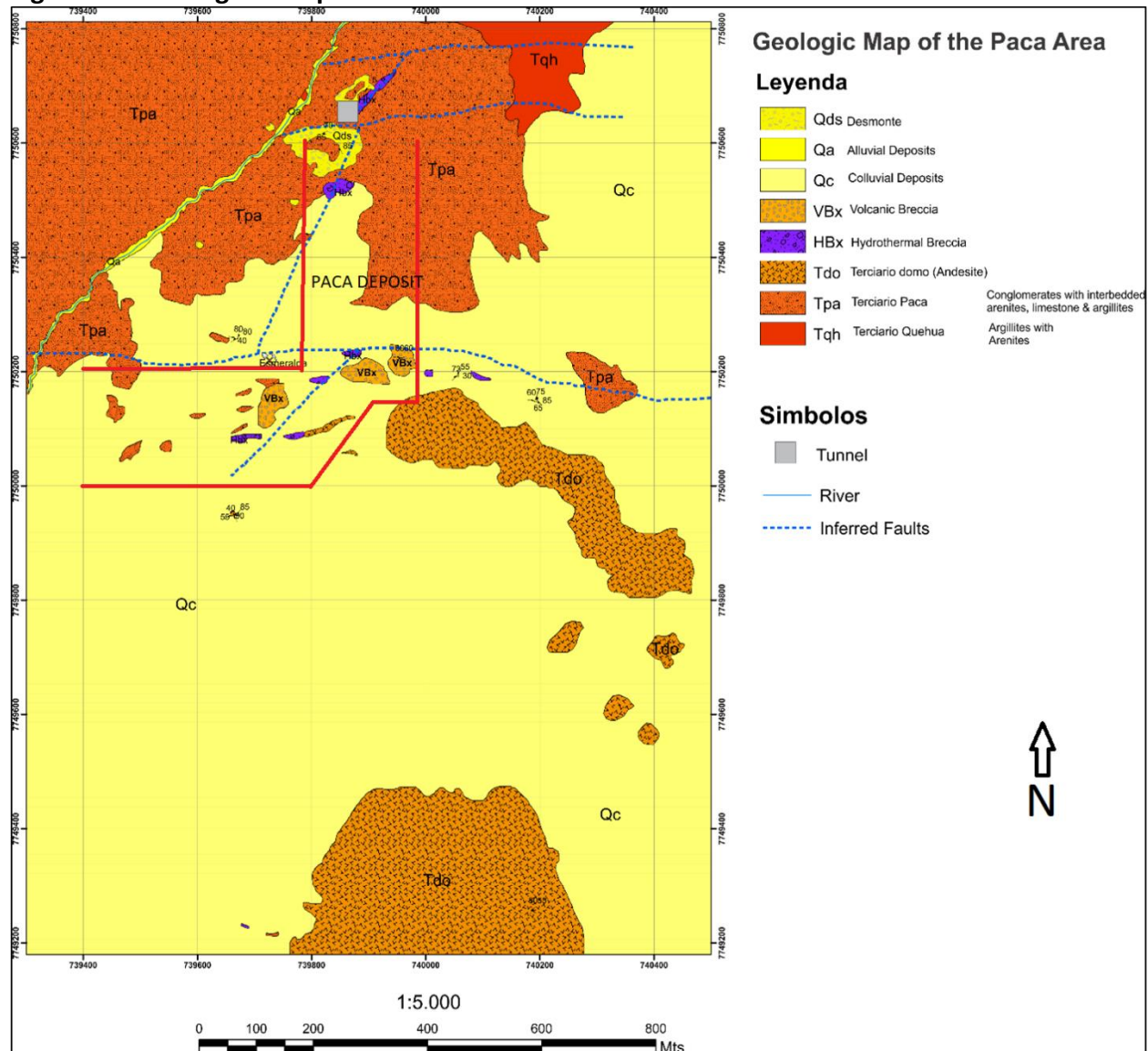
In December of 2016, Silver Elephant released the results of a small sampling program on two zones of mineralization within the Pulacayo deposit, these being the AVS and UG1 veins. The AVS vein is located approximately 200 m west of the Rothschild shaft, at a level 50 m above the San Leon adit level, which is situated at the 0 mine level (4128 m asl). The AVS vein measures 1.0 to 1.5 m in width and is defined by historic mapping and sampling. The strike and vertical extent of the steeply dipping vein is not well known. The AVS is identified in historical mining records but has not been mined at this level to date. Summarized assay results of five chip samples obtained in 2016 of the AVS vein are: Ag ranges from 17 to 392 g/t (average 208 g/t), Zn ranges from 5.7 to 23% (average 12.1%) and Pb ranges from 0.5 to 12% (average 5.6%). Samples were obtained by chipping a continuous channel across the width of the vein at a nominal spacing of one metre.

UG1 is the second vein sampled in 2016 and is located at mine level 0 (4128 m asl), approximately 110 m east of the San Leon adit and within 100 m of the Central shaft. The UG1 vein was sampled for approximately 117 m along a drift driven along the strike of the vein. Summarized assay results of 22 chip samples are: Ag ranged from 39 to 1400 g/t (average 433 g/t), Zn ranged from 0 to 23% (average 11%) and Pb ranged from 0 to 7% (average 1%). Sampling procedures were the same as those applied for the AVS vein. QAQC samples including certified reference materials and blank samples were inserted by Silver Elephant in the sample streams and all samples were submitted to ALS in Oruro, Bolivia, for preparation. Prepared sample material was subsequently sent for assay to ALS laboratory facilities in Lima, Peru. ALS is a fully accredited, ISO-17025 Registered, independent, international analytical services firm head quartered in Brisbane, Australia, that incorporates rigorous internal QAQC procedures. The QAQC sample assay results were determined to be acceptable and supported acceptance of the chip sample assay results. Records were maintained to document the secure handling of the samples and to verify their identities were maintained.

7.1.7 February 2020 Paca Geological Mapping

In February 2020 Silver Elephant geologists completed a geological mapping program of the Paca area. Several hydrothermal breccia outcroppings that were previously unidentified were observed in the area and appear to be associated with northeast-southwest striking faults in the area. An updated Paca area geological map that includes the new mapping results is presented in Figure 7.7.

Figure 7.7: Geological Map of the Paca Area



(Based on Silver Elephant 2020 mapping results)

Eleven chip samples were collected during mapping and future drilling targets were identified. Ag values from these samples ranged from 1 to 283 g/t (average 70 g/t) with higher Ag-values associated with hydrothermal breccias in sedimentary rocks. Chip samples averaged 4.4 m in length. The chip samples were delivered to ALS in Oruro, Bolivia for assay. Laboratory duplicate and blank samples were inserted by ALS, all of which, produced acceptable results. ALS is an independent, ISO-17025 Registered analytical services firm accredited by the Colombian Institute of Technical Standards and Certification (“ICONTEC”) and the Standards Council of Canada for the methods used during the time the samples were prepared and assayed. Records were maintained to document the secure handling of the samples and to verify their identities were maintained. Results and locations of chip sampling are presented in Table 7.3.

Table 7.3: Summarized Chip Sampling Results from Silver Elephant 2020 Paca Program*

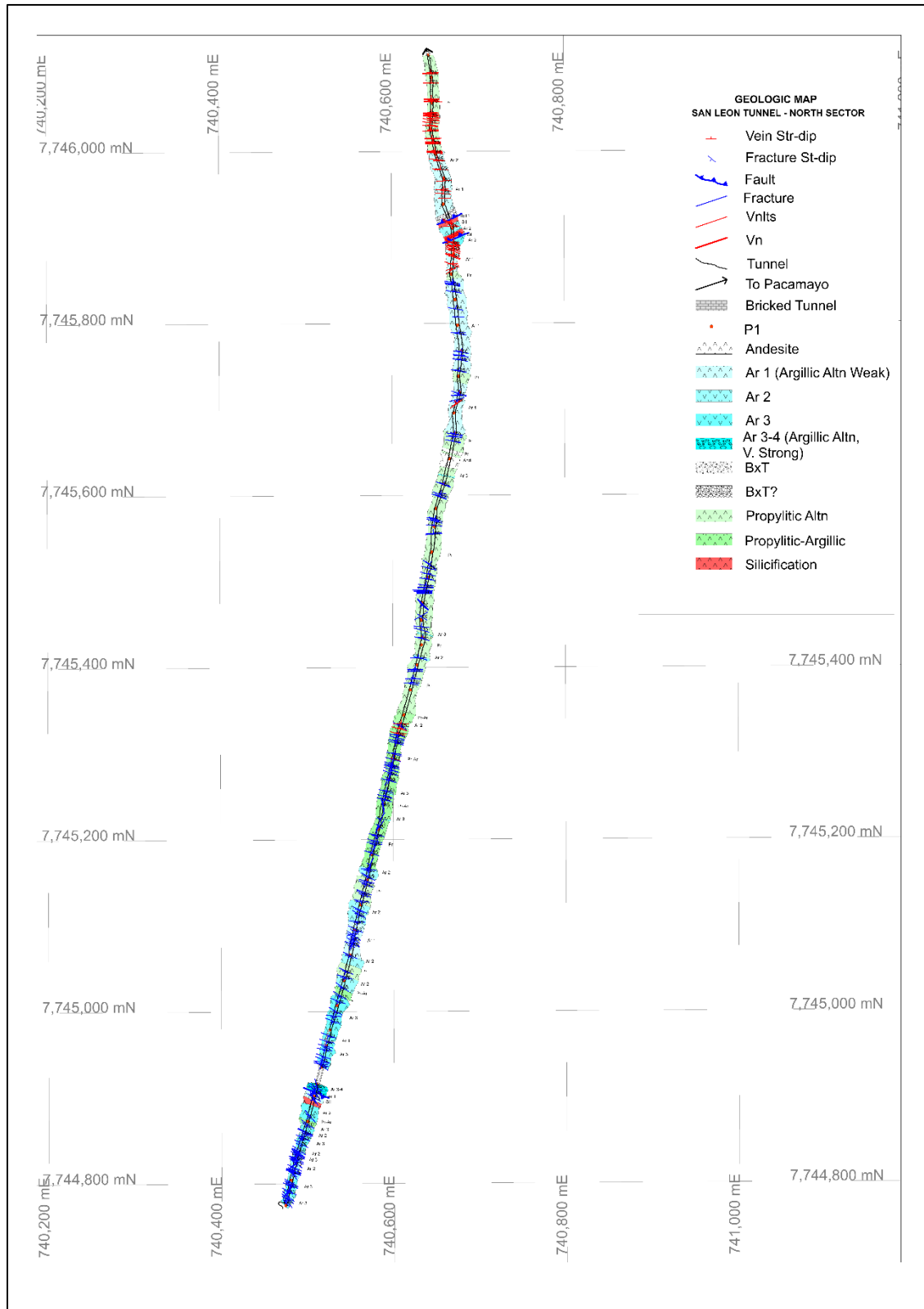
Sample	Easting (m)	Northing (m)	Elevation (m)	Type	Width (m)	Ag (ppm)	Zn (ppm)	Pb (ppm)
3857	739666	7749242	4452	CHIP	4.8	1	30	20
3858	739496	7750059	4342	CHIP	5.5	3	40	520
3859	739700	7750092	4357	CHIP	5	30	380	4370
3860	739445	7750136	4312	CHIP	4	21	50	2800
3861	739819	7750188	4297	CHIP	4	16	470	1410
3862	739881	7750236	4271	CHIP	4.5	239	390	3240
3863	739867	7750653	4218	CHIP	4	61	850	4280
3864	739864	7750648	4216	DUMP		63	920	5080
3865	739866	7750534	4222	CHIP	4	283	360	9700
3866	739904	7750559	4222	DUMP		43	650	2800
3867	739923	7750735	4198	CHIP	4	7	1050	2740

*UTM WGS 84 – Zone 19 South and sea level datum

7.1.8 February-March 2020 San Leon Tunnel Geological Mapping

Geological mapping and sampling of the San Leon tunnel north of the Central Shaft was conducted in late-February to early-March 2020 (Figure 7.8). This area is alternatively known as the Pacamayo tunnel. Mapping identified a vein system trending in a roughly east-west direction at the Pacamayo zone. The vein system measures approximately 175 meters in width south to north in the tunnel and is situated 1.3 kilometers north of the Pulacayo resource area and 5 km south of the Paca resource area. Geological mapping also identified a transition in the intensity of alteration (argillic) along the San Leon tunnel.

Figure 7.8: San Leon Tunnel Geological Map*



*UTM WGS 84 – Zone 19 South and sea level datum; north is to top in this figure
 (Based on Silver Elephant 2020 mapping results)

Sixteen chip samples were collected during mapping, with results and locations presented in Table 7.4. Ag values from these samples ranged from 1 to 400 g/t (average 34 g/t) with higher Ag-values associated with the interpreted center of the Pacamayo vein system accompanied by advanced argillic alteration and silicification. Chip samples averaged 1.5 metres in length. The chip samples were delivered to ALS in Oruro, Bolivia for assay. Laboratory duplicate and blank samples were inserted by ALS, all of which, produced acceptable results. As noted above, ALS is an independent and fully accredited analytical services firm. Records were maintained to document the secure handling of the samples and to verify their identities.

Table 7.4: Summarized Chip Sampling Results from Silver Elephant 2020 San Leon Tunnel*

Sample	Easting (m)	Northing (m)	Elevation (m)	Type	Width (m)	Ag (ppm)	Pb (ppm)	Zn (ppm)
3868	740561	7745858	4372	Chip	3	1	20	10
3869	740505	7744890	4135	Chip	1.1	1	140	20
3870	740506	7744892	4135	Chip	1.2	4	310	30
3871	740510	7744911	4135	Chip	1.1	1	30	60
3872	740510	7744913	4135	Chip	1.2	0.9	20	40
3873	740517	7744934	4135	Chip	1.1	1	100	100
3874	740572	7745154	4135	Chip	1.6	0.9	90	110
3875	740593	7745251	4135	Chip	1.6	0.9	10	60
3876	740610	7745331	4135	Chip	1.9	0.9	40	150
3877	740629	7745402	4135	Chip	1	0.9	40	250
3878	740673	7745883	4135	Chip	0.85	5	3060	3990
3879	740673	7745900	4135	Chip	1.5	400	8760	9290
3880	740672	7745906	4135	Chip	1.9	6	1320	1020
3881	740672	7745909	4135	Chip	1.8	25	1370	1270
3882	740671	7745914	4135	Chip	1.8	17	1800	740
3883	740669	7745913	4135	Chip	0.9	77	3420	2870

*UTM WGS 84 – Zone 19 South and sea level datum

7.2 Drilling Programs

Silver Elephant has completed diamond drilling at both the Pulacayo and Paca deposits from September 2019 through to 2021 and this is referred to in this TRS as the 2020 and 2021 Silver Elephant drilling programs. Only drill holes up to the early 2020 Silver Elephant drilling programs have been included in the current mineral resource estimates for the Pulacayo and Paca deposits.

The 2021 Silver Elephant drill holes were completed after the current mineral resources were completed on October 13, 2020. The 2021 Silver Elephant drill holes are generally located outside of the current Pulacayo and Paca resource estimate shells in new targets areas such as the Pero area and other district-scale targets. The report authors have reviewed and verified the 2021 Silver Elephant drill holes and believe they have no material impact on the current mineral resource estimates dated October 13, 2020. Results for the 2021 Silver Elephant drilling program are shown below.

Validated results from the 2019 to early 2020 Silver Elephant drilling program were compiled with validated results of previous drilling programs carried out by ASC between 2002 and 2005 and those carried out by Apogee between 2006 and 2012 to support the current mineral resource estimates. The Silver Elephant 2020 drill program was the first to be completed on the Pulacayo deposit since 2012 and the Paca deposit since 2006.

Information pertaining to ASC, Apogee, and Silver Elephant drilling programs is presented below in chronological order of program initiation. Drill collar locations, significant intercepts and drill plans for the Silver Elephant 2020 program are presented below. The 2020 drilling program field attributes reflect 2020 site visit investigations carried out by report author Dr. Arce.

7.2.1 ASC Drilling Programs (2002-2005)

ASC carried out 3,130 m of core drilling at Paca in 30 drill holes and 896 m of reverse circulation (RC) drilling in 5 drill holes. Details for the ASC drilling program is shown below in Table 7.5. Validated results appear in the current drill hole database for the Pulacayo Project used by the QP in the current mineral resource estimates.

Table 7-5: Summary of ASC Paca Deposit Drilling Programs – 2002 To 2005

Company	Period	Hole Numbers	Type	Total Metres
ASC	2002 to 2005	P001 to P030	HQ Core	3,130
ASC	2002	PNR001, 002, 004 to 006 and PNS001	Reverse Circulation	896

Drilling was completed under contract by Leduc Drilling S.R.L. of La Paz, Bolivia using two drill rigs, a Longyear LF-140 and a LY-44, and HQ (63.5 mm diameter) core was recovered. The small reverse circulation drilling program was carried out using one of the coring rigs with modifications, but this system was reported to be unsatisfactory. ASC staff were responsible for geological support and management of the drilling programs. The purpose of ASC drilling programs was to explore the Paca deposit and provide initial delineation of mineral resources having potential for economic development using open pit mining methods. Results of the

programs allowed ASC to identify a sub-vertical mineralized breccia structure along the Paca andesite dome's north contact that merges with stratabound, mantos style mineralization that conforms to gently north-dipping volcanoclastic stratigraphy in the area.

ASC completed 14 diamond holes totalling 3,095 m in length between July 2002 and November 2003 (holes PUD001-PUD017) in the Pulacayo deposit. Eleven holes were drilled from surface and another three from drill stations located in the Pulacayo underground workings. Drilling was completed by Leduc Drilling S.R.L. of La Paz, Bolivia, using two Longyear LF-140 and LY-44 drill rigs and HQ (63.5 mm diameter) core was recovered.

A second phase of drilling was initiated in February 2003. Although 10 holes were planned, only 2 underground drill holes were subsequently completed for a total of 554 m (holes PUD025 and PUD026). Drilling was performed by Drilling Bolivia Ltd. and HQ core was recovered.

ASC continued the drilling program in September 2003 and completed eight additional holes totalling 1,302 m (holes PUD018 to PUD024 and PUD027). Six holes were completed from surface and two holes were completed from drill stations located in the Pulacayo underground workings. Drilling was contracted to Maldonado Exploraciones S.R.L. of La Paz, Bolivia and they used Longyear model LY-44 and LF-70 drilling rigs recovering HQ size core. Validated results appear in the current drill hole database for the Pulacayo Project used by the QP in the current mineral resource estimates.

7.2.2 Apogee Drilling Programs (2006-2008)

Apogee completed 76 diamond drill holes (13,631.2 m) at Paca in three separate drilling campaigns during 2006. Between February 2006 and April 2006, Apogee completed a total of 2,301.5 m in 23 drill holes (PND031 to PND053). A second phase of diamond drilling was carried out from June 2006 to November 2006 during which a total of 10,443.70 m of drilling was completed in 46 drill holes (PND054 to PND099). Seven additional drill holes totalling 886 m were drilled in a third phase of drilling completed late in 2006 (PND100 to PND106). Table 7.6 presents a summary of these programs. Validated results appear in the current drill hole database for the Pulacayo Project used by Mercator in the current mineral resource estimates.

Drilling was completed under contract by Leduc Drilling S.R.L. of La Paz, Bolivia, using two rigs, these being Longyear LF-140 and LY-44 models, and HQ (63.5 mm diameter) core was recovered. Apogee staff were responsible for geological support and management of the 2006 drilling programs.

Table 7-6: Summary of Apogee Paca Deposit Drilling Programs

Company	Period	Hole Numbers	Type	No. of Holes	Total Metres
Apogee	Early 2006	PND031 to PND053	HQ Core	23	2,301.5
Apogee	Mid to Late 2006	PND054 to PND99	HQ Core	46	10,443.7
Apogee	Late 2006	PND100 to PND106	HQ Core	7	886.0
Total				76	13,631.2

The objective of the Apogee programs was to confirm and expand the distribution of Paca deposit mineralization defined by earlier ASC drilling results. Emphasis on mineral resources potentially amenable to open pit mining methods remained the focus of deposit assessment work carried out by Apogee. The 2006 programs were successful in confirming the nature and extent of the Paca deposit as previously defined by ASC and expanding the drilled extent of mineralization.

Following the acquisition of the Pulacayo deposit property in 2005, Apogee initiated a Phase I diamond drill program that consisted of 19 holes totalling 4,150 m in length (PUD028 to PUD042). Four of the holes were completed from drill stations located in the Pulacayo underground workings and 15 were completed from surface locations. The Apogee program objective was to confirm mineralization defined by earlier ASC drilling results and the program was successful in demonstrating the presence of significant amounts of disseminated, veinlet, and stockwork sulphide mineralization located between the high-grade veins that were exploited by historical, narrow underground mine workings.

In November 2007, Apogee started Phase II drilling at Pulacayo and completed 14 holes totalling 3,745 m (PUD043 to PUD056). All holes were drilled from surface locations and results showed that the TVS consisted of disseminated, veinlet, and stockwork sulphide mineralized material measuring up to 120 m in width within which high grade mineralized shoots were present that had not been exploited by previous operators of the mine.

Phase III drilling was undertaken by Apogee between January and May 2008 at which time 54 holes totalling 14,096 m were completed (PUD057 to PUD110). Of these, 8 holes were drilled from underground and the balance from surface.

Phase I drilling was completed by the Leduc Drilling S.R.L of La Paz, Bolivia and subsequent Phase II and III programs were completed by the Fujita Core Drilling Company of Bolivia. The companies used Longyear model LF44, LM-55, LF-90 and LM-90 drilling rigs for the surface and underground programs and core size was generally HQ (65.3 mm diameter). In certain instances, ground conditions around old workings or other issues required reduction in core size to NQ (47.6 mm

diameter). Validated results appear in the current drill hole database for the Pulacayo Project used by the QP in the current mineral resource estimates.

7.2.3 Apogee Drilling (January 2010 – December 2011)

Phase IV drilling at the Pulacayo deposit was initiated by Apogee in January of 2010. The surface program continued until the end of 2011 and underground drilling was carried out on a limited basis during that time in support of test mining activities within limits of the current mineral resource estimate (PUD-111-PUD266). Phase IV surface drilling up to and including hole PD266 totals 42,522 m. The last 45 holes of the surface drilling program (6,254 m) were directed toward evaluation of oxide zone mineral resource potential above the main sulphide zone of the TVS. Phase IV program results improved the level of confidence within certain sulphide zone mineral resource areas and also allowed estimation and evaluation of oxide zone mineral resources.

The Fujita Core Drilling Company continued to provide drilling services at Pulacayo through the Phase IV, using Longyear models LF44, LM-55, LF-90 and LM-90 rigs for surface and underground drilling. The core size has been HQ except where ground conditions around old workings or other issues have required reduction in core size to NQ.

Validated results appear in the current drill hole database for the Pulacayo Project used by the QP in the current mineral resource estimates.

7.2.4 2019-2020 Silver Elephant Drilling Program

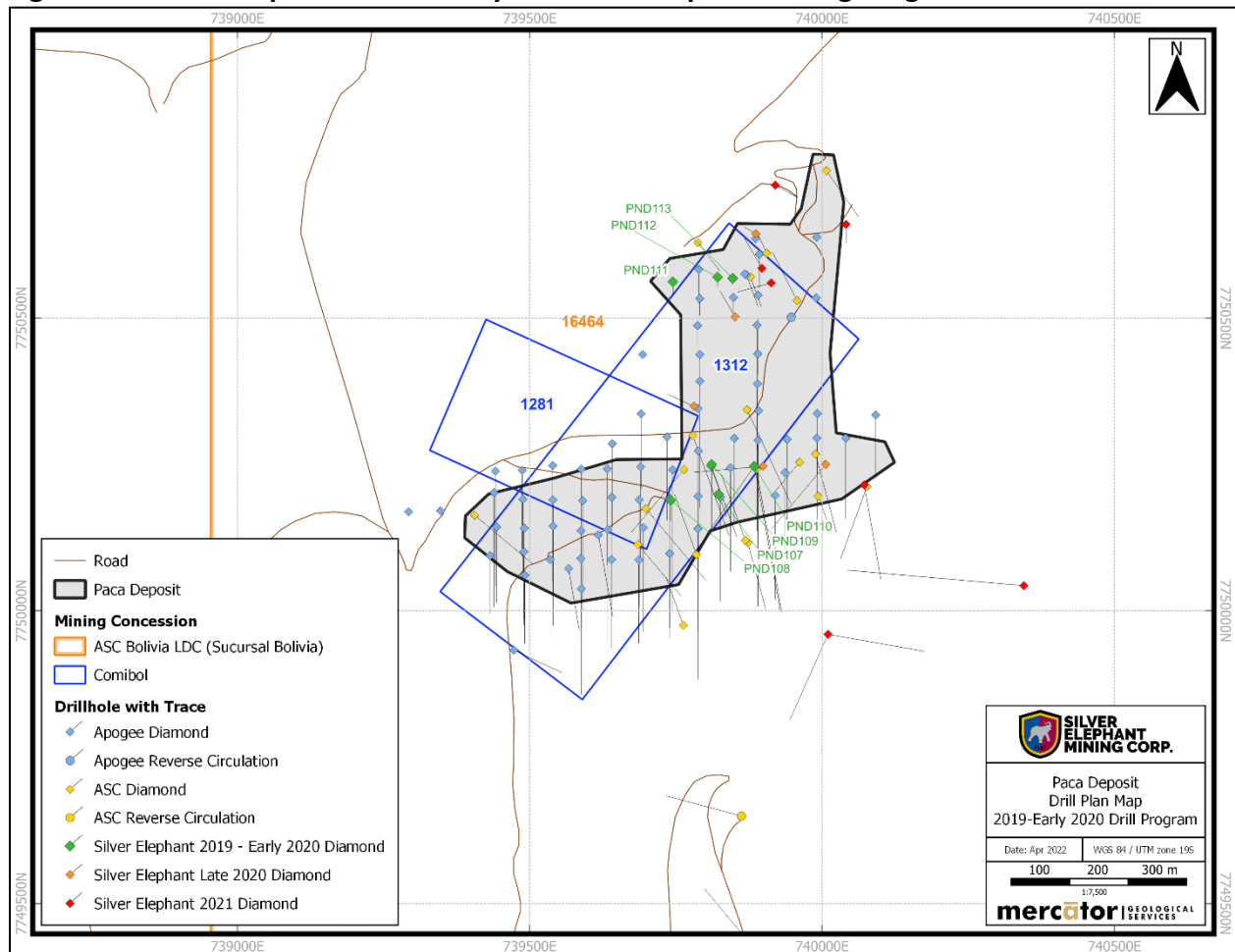
Silver Elephant completed a 7-hole surface diamond drill program at the Paca deposit in September of 2019 and completed the program in October of 2019 with all assay results received by early 2020. Seven holes were completed for a total of 860 m (PND107 to PND113). The drilling program was designed to upgrade the confidence level of the grade and extent of the Paca deposit as well as test the continuity of the oxide portion of the deposit on the northern manto-style section of Paca. Results from this 2019 to early 2020 drill program were compiled and incorporated with historical drill results completed by ASC and Apogee to support the current mineral resource estimate. Drilling services were provided by Fujita Drilling Company utilizing a Longyear LF-90 model drilling rig recovering HQ (65.3 mm diameter) sized core. Collar locations are presented in Table 7.7 and Figure 7.9.

Table 7-7: Silver Elephant 2019 – early 2020 Paca Deposit Drilling Program Collar Locations*

Hole Id	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (Deg)	Dip (Deg)
PND107	739,823	7,750,199	4,283	156.50	160	-75
PND108	739,741	7,750,189	4,282	134.50	180	-75
PND109	739,811	7,750,250	4,257	177.75	180	-52
PND110	739,884	7,750,247	4,254	201.00	215	-45
PND111	739,745	7,750,562	4,197	84.00	180	-75
PND112	739,821	7,750,570	4,203	60.70	180	-75
PND113	739,847	7,750,568	4,204	46.00	180	-75

*UTM WGS 84 – Zone 19 South and sea level datum

Figure 7.9: Silver Elephant 2019 - early 2020 Paca Deposit Drilling Program Collar



Drill program results supported geological interpretations and grade domain modelling for the deposit. A “vein breccia” or “feeder system” occurs along the north contact of the porphyritic andesitic to dacitic Paca Dome complex and hosts the highest grade silver mineralization of the deposit. Disseminated silver-lead-zinc mineralization is hosted in the adjacent clastic-

volcaniclastic sediments north and west of the Paca Dome, demonstrating a flat lying to gently sloping grade distribution. Significant intercepts for the program are presented in Table 7.8.

Table 7-8: Silver Elephant 2019-Early 2020 Paca Deposit Drilling Program Significant Intercepts

Hole Id	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Zn %	Pb %
PND107						
	55	109	54	151	1.01	1.17
incl ...	87	109	22	240	1.23	1.65
PND108						
	15	65	50	135	0.4	1.42
incl ...	33	43	10	257	0.41	1.49
	94	96	2	160	0.94	0.52
PND109						
	15	43	28	242	0.27	0.69
incl ...	24	26	2	1223	0.42	3.2
	75	173	98	15	2.47	1.28
incl ...	93	94	1	167	3.64	1.24
PND110						
	9	182	173	95	1.63	1.4
incl...	16	28	12	1085	0.04	0.71
and...	61	65	4	1248	1.93	2.88
PND111						
	0	2.4	2.4	110	0.16	0.58
PND112						
	12	28	16	154	0.08	0.39
incl...	21	22	1	890	0.05	0.31
	33	36	3	120	0.07	2.4
	43	44.6	1.6	100	0.23	1.58
PND113						
	3	28	25	196	0.04	0.29
incl...	21	28	7	310	0.04	0.19

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 50 % to 80 % for PND107 to PND110 and 90 – 95 %, for PND111 to PND113 of reported core lengths.

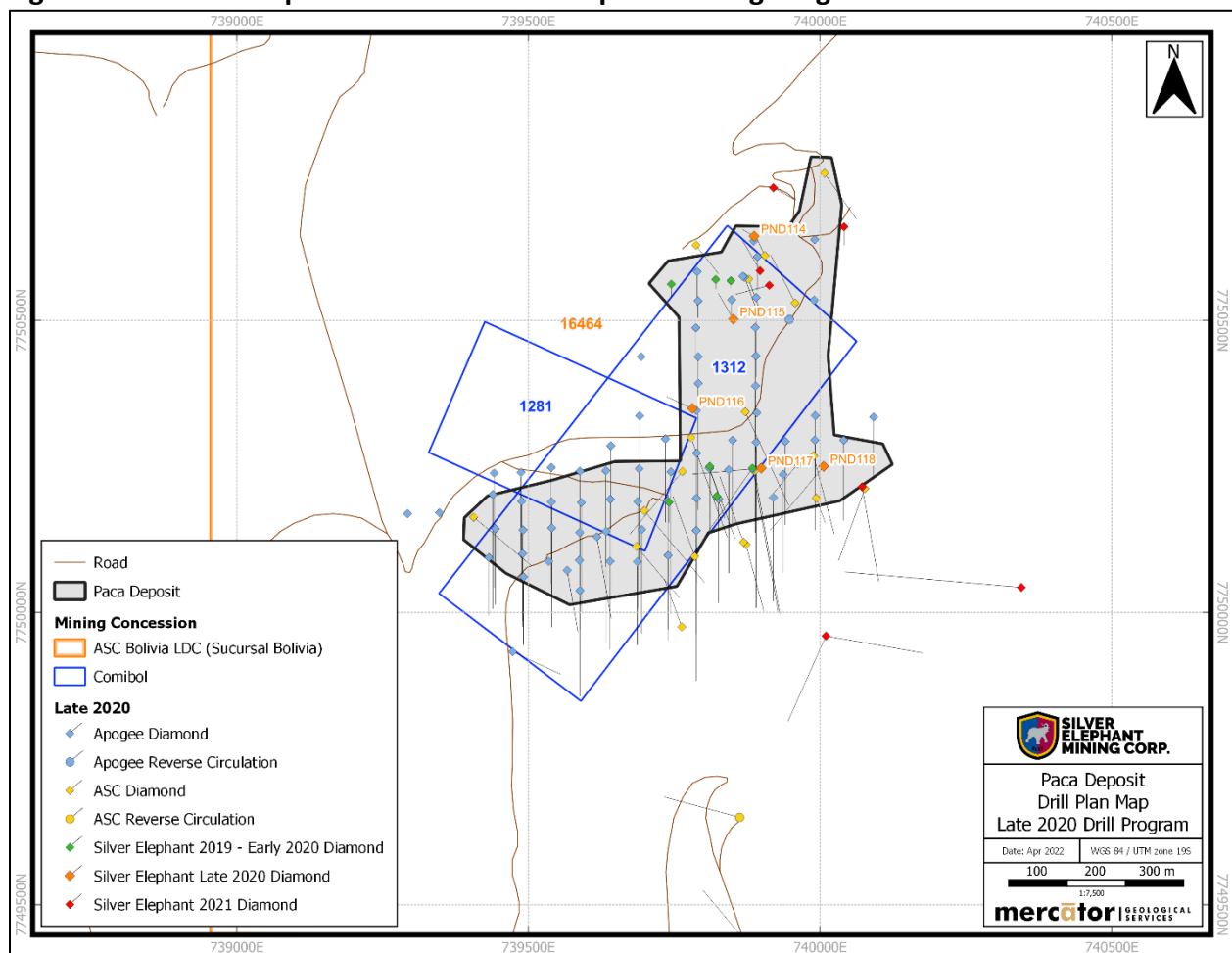
On November 30, 2020, Silver Elephant announced that further to its news release dated October 14, 2020, it has received the complete assay results from the Company’s 2020 diamond drill program at the Paca deposit comprised of 5 drill holes (PND114 to PND118). Collar locations are presented in Table 7.9 and Figure 7.10.

Table 7-9: Silver Elephant late 2020 Paca Deposit Drilling Program Collar Locations*

Hold Id	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (Deg)	Dip (Deg)
PND114	739887.00	7750644.00	4199.03	39	300	-55
PND115	739851.00	7750502.00	4214.95	72	330	-45
PND116	739781.00	7750349.00	4225.00	67.7	295	-45
PND117	739899.00	7750247.00	4253.99	166.7	265	-45
PND118	740006.00	7750250.00	4249.82	200.2	220	-45

*UTM WGS 84 – Zone 19 South and sea level datum

Figure 7.10: Silver Elephant late 2020 Paca Deposit Drilling Program Collar



All 5 drill holes intersected mineralization, with the results shown in Table 7.10. Holes PND114 to PND118 were drilled within the limits of the current mineral resource and confirm the style and character of mineralization demonstrated in previous drill holes in this area. Drill holes PND114 to PND118 were not available for use the current mineral resource estimate for the Paca deposit

and in the QP's opinion would have no material impact on the current mineral resource estimate for Paca.

Table 7-10: Silver Elephant 2020 Paca Deposit Drilling Program Significant Intercepts

Hole ID	From (m)	To (m)	Core Length (m)*	Ag g/t	Zn %	Pb %
PND114	1.5	18.0	16.5	43	0.11	0.36
PND115	3.0	69.0	66.0	48	0.10	0.80
PND116	7.0	37.0	30.0	23	0.15	0.42
PND117	51.0	82.0	31.0	3	0.45	0.31
PND118	18.0	38.0	20.0	25	0.09	0.09
PND118	67.0	179.0	112.0	15	0.50	0.48
including	133.0	143.0	10.0	61	0.65	0.37

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 77 % to 86 %.

Reported widths are intercepted core lengths and not true widths, as relationships with intercepted structures and contacts vary. Based on core-angle measurements, true widths range from 77% to 86% of the reported core length. PND 114, 115, 118 drilled tested oblique structures parallel to the main east-west trend and discovered new mineralized zones. PND 114 intersected 16.5 meters of mineralization grading 55g/t silver equivalent that is to the north of the Paca north zone. PND 115 intercepted 66 meters of mineralization grading 75 g/t silver equivalent between Paca main zone and Paca North zone, which are 250 meters apart. PND 118 was drilled at the eastern edge of the Paca main zone and intersected 112 meters of mineralization grading 50 g/t silver equivalent.

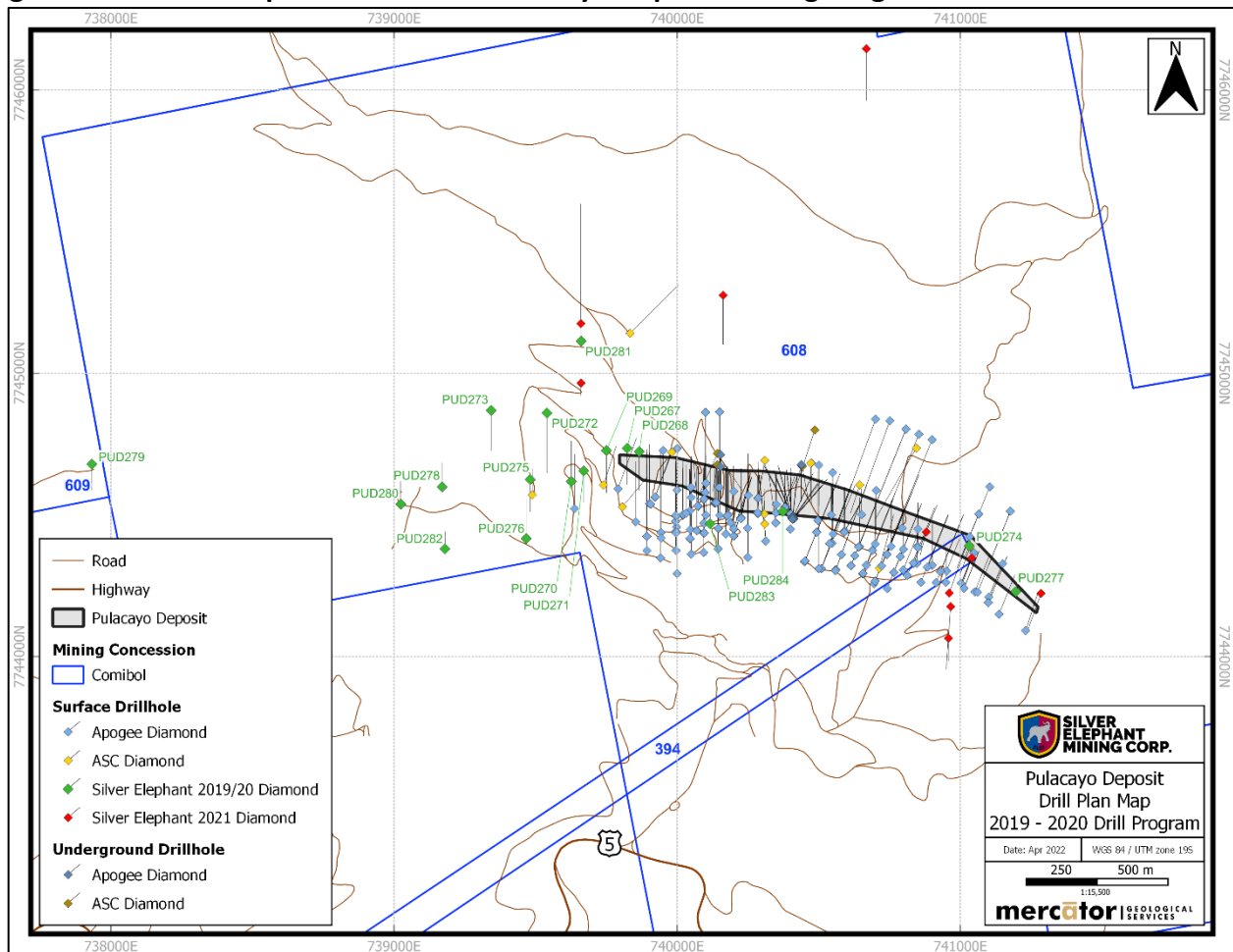
Silver Elephant initiated surface drilling at the Pulacayo deposit in December of 2019 and concluded in February of 2020. A total of 3,277.4 m of drilling was completed in 18 drill holes. The drilling program was designed to test possible strike extension of the TVS mineralization in both the east and west directions, with the majority of holes testing westward. Two exceptions to this exploration concept were drillholes PUD283 and PUD284 which were infill drillholes west of the Central shaft and east of the Porvenir shaft designed to test the continuity and distribution of high grade silver-zinc-lead mineralization defined in the 2017 historical estimate block model. Results from the drill program were incorporated with those validated results of the previous programs completed by ASC and Apogee to support the current mineral resource estimate. Drilling services were provided by Fujita Drilling Company utilizing a Longyear LF-90 model drilling rig recovering HQ (65.3 mm diameter) sized core. Collar locations are presented in Table 7.11 and Figure 7.11.

Table 7-11: Silver Elephant 2019-2020 Pulacayo Deposit Drilling Program Collar Locations*

Hole Id	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (Deg)	Dip (Deg)
PUD267	739,823	7,744,735	4,336	180.00	180	-45
PUD268	739,866	7,744,723	4,352	192.00	180	-45
PUD269	739,750	7,744,727	4,308	210.00	180	-45
PUD270	739,626	7,744,618	4,270	201.00	0	-45
PUD271	739,670	7,744,655	4,274	156.00	180	-45
PUD272	739,540	7,744,860	4,314	300.00	180	-45
PUD273	739,343	7,744,869	4,368	201.00	180	-45
PUD274	741,031	7,744,391	4,216	95.00	200	-65
PUD275	739,481	7,744,625	4,340	161.00	180	-45
PUD276	739,467	7,744,416	4,258	201.00	0	-45
PUD277	741,196	7,744,229	4,172	72.00	21	-55
PUD278	739,170	7,744,599	4,301	120.00	0	-45
PUD279	737,933	7,744,679	4,346	130.00	180	-45
PUD280	739,024	7,744,538	4,324	113.00	0	-45
PUD281	739,661	7,745,113	4,385	180.00	0	-45
PUD282	739,180	7,744,380	4,284	86.40	0	-45
PUD283	740,116	7,744,469	4,318	352.00	0	-55
PUD284	740,373	7,744,512	4,266	327.00	19	-65

*UTM WGS 84 – Zone 19 South and sea level datum

Figure 7.11: Silver Elephant 2019-2020 Pulacayo Deposit Drilling Program Collar Locations*



Drill holes testing east and west strike continuity of the TVS mineralization encountered pervasive alteration and stockwork veining indicating that the hydrothermal system is present, however the sulphide species that was observed in intercepted veins and stockworks suggests that the hydrothermal temperatures of the fluids in these upper reaches of the system were not sufficient to carry significant amounts of silver and base metals, with only sporadic occurrences being evident at the Pulacayo-West and Pulacayo-East areas. Significant intercepts for the program are presented in Table 7.12. Significant silver, zinc and/or lead mineralization was not intersected in drill holes PND269 to PND273 and PND275 to PND282.

Table 7-12: Silver Elephant 2019-2020 Pulacayo Deposit Drilling Program Significant Intercepts

Hole Id	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Zn %	Pb %
PUD267	31.5	67	35.5	54.3	4.31	0.92
	117	123	6	47.8	1.11	0.25
PUD268	21	23	2	20	1.34	0.77
PUD274	75	77	2	93.5		0.42
PUD274	82	83	1	83		0.09
<i>PUD283</i>	248	350	102	145	1.05	2.56
<i>Incl ...</i>	310	322	12	784	4.11	3.79
<i>and ...</i>	317	322	5	1565	8.25	3.85
<i>PUD284</i>	55	65	10	113	1.93	2.11
<i>PUD284</i>	206.3	273	66.7	112	0.46	1.94
<i>incl ...</i>	256	273	17	274	0.33	1.13

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 50 % to 60 % for PUD274 and PUD284 and approximately 70 % to 75 %, for PUD276, PUD268, and PUD274 of reported core lengths.

7.2.5 2021 Silver Elephant Drilling Program

On January 12, 2021, the Company announced the completion of a 592 m drilling program testing the Pero target area located at the southeastern part of the Pulacayo Project. This 2021 drilling program was designed to follow-up on the 2020 field sampling program in the Pero area. Field work in 2020 identified potential structural remobilization in this area that may explain the erratic nature of mineralization within the Tajo Vein System as it occurs in this area. Starting in June 2021, a total of 7 additional holes were drilled as part of Silver Elephants district drilling program, totaling 3,251 m. The 7 drill holes were targeted outside of the current mineral resource estimate for the Pulacayo deposit. Collar locations are presented in Table 7.13 and Figure 7.12.

Drill holes PUD 285 to PUD 287 were completed on the Pero target but also intersect the current mineral resource limits. Lithology and analytical results of these drill holes confirm the style and character of mineralization demonstrated in previous drill holes in this area and it is the opinion of the QP author these results have no material impact on the current mineral resource estimate for Pulacayo. A summary of significant assay intercepts is summarized below in Table 7.14.

Table 7-13: Silver Elephant 2021 Pulacayo Deposit Drilling Program Collar Locations*

Hold Id	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (Deg)	Dip (Deg)
PUD285	741285.00	7744223.00	4161.20	191	200	-45
PUD286	740880.00	7744440.00	4260.67	200	195	-65
PUD287	741040.00	7744348.00	4215.57	201	200	-60
PUD288	740961.00	7744224.00	4226.66	359.4	20	-60
PUD289	739660.60	7744965.19	4346.71	150.5	180	-73
PUD290	740162.40	7745274.91	4508.06	425.6	180	-66
PUD291	739659.96	7745175.12	4400.57	717.45	0	-54
PUD292	740668.30	7746145.04	4312.14	562	180	-71
PUD293	740958.19	7744064.68	4212.35	213	180	-68
PUD294	740966.02	7744176.34	4221.04	588	184	-68

*UTM WGS 84 – Zone 19 South and sea level datum

Figure 7.12: Silver Elephant 2021 Pulacayo Deposit Drilling Program Collar Locations*

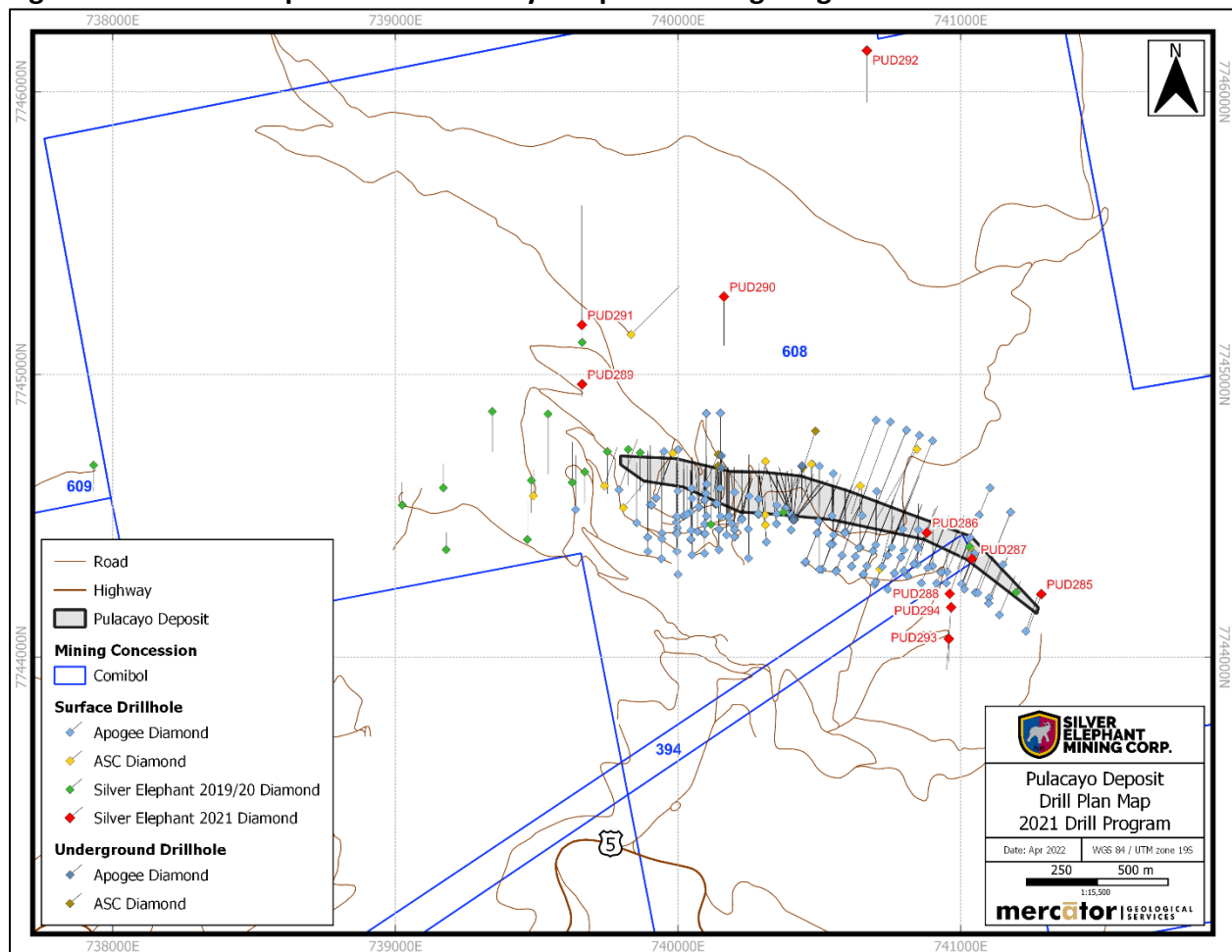


Table 7-14: Silver Elephant January 2021 Pulacayo - Pero Drilling Program Significant Intercepts

Hole ID	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Pb %	Zn %
PUD 285	30.6	44.6	14.0	43	0.19	0.02
PUD 285	143.0	191.0	48.0	10	0.11	0.17
PUD 286	99.0	124.0	25.0	18	0.33	0.09
PUD 286	148.0	152.0	4.0	393	3.79	0.88
PUD 286	174.0	183.0	9.0	20	0.13	0.05
PUD 287	56.0	78.0	22.0	43	0.23	0.02
PUD 287	127.0	139.0	12.0	15	0.01	0.01

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 75 % to 85 %

Drill holes PUD288 and PUD294 were completed as a scout exploration drilling program testing new anomalies and occur outside of the current mineral resource estimate for the Pulacayo deposit. In the QP author's opinion, these 2021 drilling results have no material impact on the current mineral resource estimate for Pulacayo. Results confirmed that mineralization does occur on the Project outside of the known TVS with 3 of the 7 holes encountering numerous zones of low-grade mineralization and indicating potential for additional mineralization in the district. Summaries of each hole and their target rationale are provided in the discussion below. A summary of the significant assay intercepts from holes PUD291 to PUD194 are shown below in Table 7.15.

PUD288 was a hole completed in early 2021 in conclusion of a drilling program at the Pero area, southeast of the TVS. No significant results are reported from PUD288.

PUD289 was drilled 330 m north of the western TVS trend to test a shallow IP anomaly. No significant silver mineralization was encountered, and the anomaly was explained by the presence of pyrite in the hole which is a highly chargeable iron-sulphide.

PUD290 was drilled to test an IP anomaly drilling north-to-south in what is called the El Abra area. The El Abra area is host to a weakly mineralized hydrothermal breccia pipe on the property approximately 900 m north of the TVS on the western side. An IP anomaly at depth was noted as a target that may have represented an increase in the amount of mineralization observed at surface at the noted target depth. The hole encountered 6 m of weak mineralization from 270 to 276 m grading 1 g/t Ag, 0.04% Pb, and 0.15% Zn.

PUD291 was designed to test IP targets on the south portion and directly underneath the El Abra breccia. The first target was projected between 375 and 425 m and the second target at 575-625

Table 7-15: Silver Elephant June 2021 Pulacayo - Pero Drilling Program Significant Intercepts

Hole ID	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Pb %	Zn %
PUD 291	391.0	393.0	2.0	6	0.14	0.36
PUD 291	426.0	428.0	2.0	7	0.39	0.81
PUD 291	628.0	636.0	8.0	2	0.08	0.27
PUD 291	693.0	699.0	6.0	4	0.22	0.50
PUD 291	711.0	717.5	6.5	10	0.29	0.56
PUD-292	38.0	52.0	14.0	6	0.13	0.23
PUD-292	86.0	98.0	12.0	2	0.06	0.27
PUD-292	151.0	173.0	22.0	2	0.06	0.21
PUD-292	175.0	212.0	37.0	2	0.06	0.24
PUD-292	291.0	303.0	12.0	6	0.05	0.14
PUD-292	356.0	364.0	8.0	3	0.13	0.39
PUD-292	486.0	520.0	34.0	22	0.26	0.22
Incl...	495.0	497.0	2.0	299	0.75	0.44
PUD-292	526.0	537.0	11.0	2	0.09	0.50
PUD-292	541.0	562.0	21.0	4	0.11	0.53
PUD 293	114.0	123.0	9.0	12	0.17	0.42
PUD 293	165.0	171.0	6.0	18	0.09	0.06

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 75 % to 85 %

m. The hole encountered silicified pyrite-bearing rocks early in the hole and encountered mineralization at 391-393 m (6 g/t Ag, 0.14% Pb, 0.36% Zn) and at 426 to 428 m (7 g/t Ag, 0.39% Pb, 0.81% Zn). For the second target, three mineralized intervals were encountered (8 m from 628-636 m at 2 g/t Ag, 0.39% Pb, 0.89% Zn); 6 m from 693-699 m at 4 g/t Ag, 0.22% Pb, 0.50% Zn; and 6.5 m from 711-717.5 m at 10 g/t Ag, 0.29% Pb, 0.56% Zn. The hole ended in this mineralization at 717.5 m depth.

PUD292 targeted the Pacamayo area underneath the northern portion of the San Leon tunnel, which is the adit for the historic Pulacayo mine. This underground area was mapped by Silver Elephant in 2020 and identified a strong alteration envelope coinciding with chips samples of 0.6-1m intervals that returned high-grade assays of over 1,500 g/t Ag (beyond detection limit), up to 3.1% copper, up to 17.6% lead and up to 6.9% zinc. PUD292 tested an IP target below this zone. A total of 9 mineralized intervals were encountered in the hole with varying amounts of modest grades with the exception of a 2 m interval of 299 g/t Ag, 0.75% Pb, 0.44% Zn from 495-497 m, nested in a wider interval of 34 m of 22 g/t Ag, 0.26% Pb, 0.22% Zn from 486-520 m. The hole ended in modest mineralization at 562 m depth.

PUD293 and **PUD294** were both designed to test IP anomalies in and around the Pero area, below what is believed to be a thrust block of sandstone. Holes were designed to test several clustered anomalies. PUD293 was abandoned at 233 m due to ground conditions and tested the shallower portion of this anomaly. Several intervals of mineralization were encountered including 9 m of 12 g/t Ag, 0.17% Pb, 0.42% Zn from 114-123 m and 6 m of 18 g/t Ag, 0.09% Pb, 0.06% Zn, from 165-171 m. No significant results are reported from PUD294 which tested the deeper portions of the same anomaly and crossed several smaller anomalies at depth.

In early January 2021, Silver Elephant commenced a drill program in the Paca area that totaled 8 drill holes for a total of 1,717 m. Four of the holes were designed to test induced polarization (“IP”) geophysical anomalies that were identified in the area in 2021. The remaining four holes were drilled to test the extents of the Paca-north area which is host to much of the oxide component of the Paca resource in a flat-lying tabular body known as a manto. Collar locations are presented in Table 7-16 and Figure 7-16.

Table 7-16: Silver Elephant 2021 Paca Deposit Drilling Program Collar Locations*

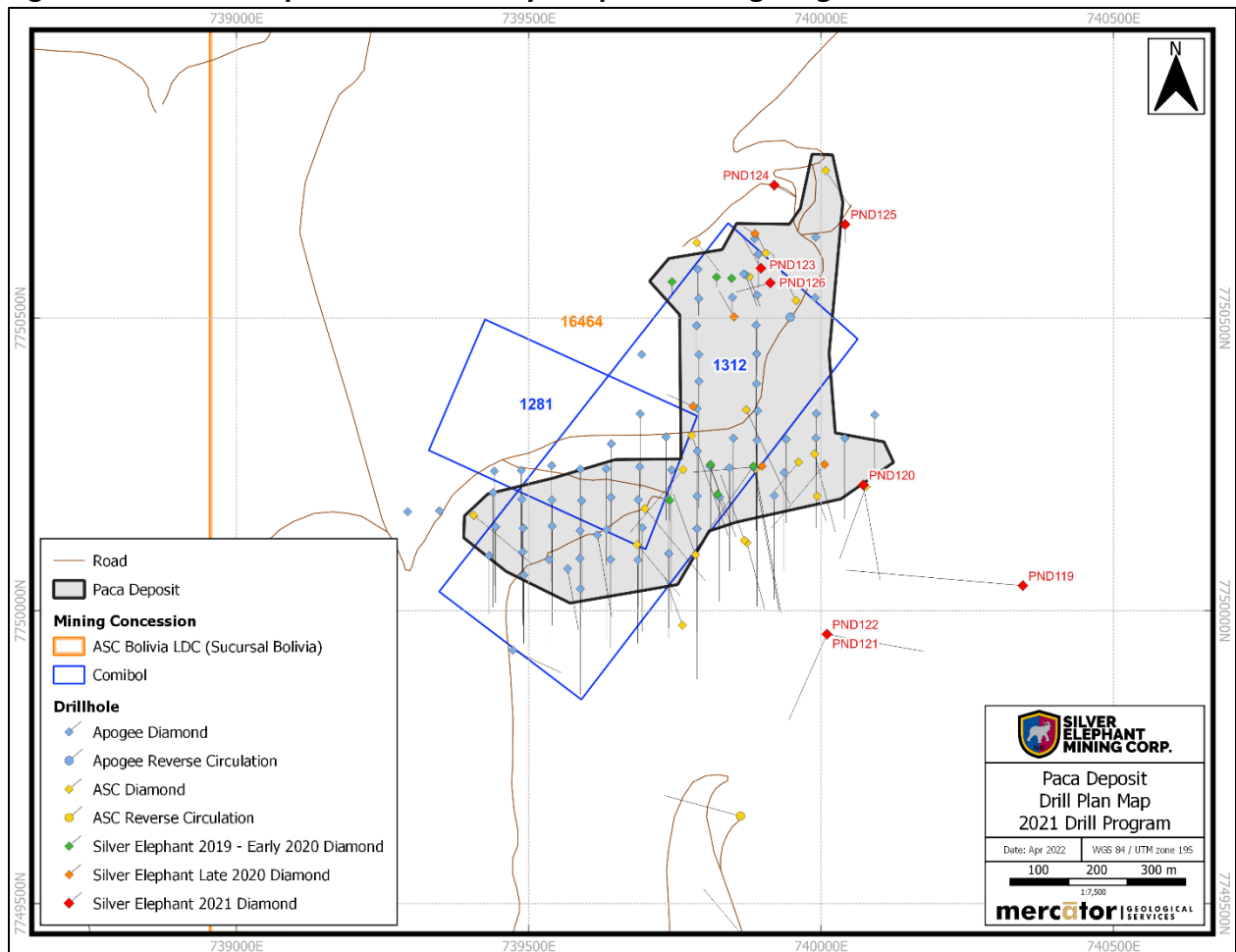
Hold Id	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (Deg)	Dip (Deg)
PND119	740345.00	7750043.00	4290.43	430	275	-45
PND120	740072.00	7750215.00	4258.95	328.2	170	-60
PND121	740010.00	7749960.00	4407.18	291.65	100	-55
PND122	740010.00	7749960.00	4407.18	378	204	-65
PND123	739897.00	7750585.00	4201.21	84	330	-45
PND124	739920.00	7750727.00	4186.00	60.5	119	-45
PND125	740041.00	7750660.00	4188.00	61.1	180	-60
PND126	739913.00	7750560.00	4205.00	83.5	255	-45

*UTM WGS 84 – Zone 19 South and sea level datum

Drill holes PUD119 and PUD122 holes were drilled outside of the current mineral resource estimate for the Paca deposit. Summaries of each hole and their target rationale are provided in the discussion below. In QP’s opinion, these 2021 drilling results have no material impact on the current mineral resource estimate for Paca.

PND119 was the first hole to test a large semi-circular IP anomaly approximately 160 m southeast of the Paca mineral resource estimate. The hole was planned to intercept the anomaly and also drill under a historic artisanal mining trench. The anomaly was targeted between 325-350 m downhole. The hole encountered 2 m of 31 g/t Ag, 1.14% Pb, 1.15% Zn within a larger interval 39 meters of 5 g/t Ag, 0.40% Pb, 0.49%.

Figure 7.13: Silver Elephant 2021 Pulacayo Deposit Drilling Program Collar Locations*



PND120 was designed to test a potential down-dip extension of the 39 m of mineralization encountered in PND119 and to ascertain any potential increase in concentration of this mineralization. A 36 m interval was intercepted from 39-75 m of 12 g/t Ag, 0.21% Pb, 0.08%, 0.51% Zn including 7 m of 14 g/t Ag, 0.21% Pb and 0.94% Zn and encountered sulphides from 184-187 m at 28 g/t Ag, 2.18% Pb, 0.64% Zn. Both these intercepts precede the expected down dip portion of PND119. An intercept in the target area at 280-284 m returned 6 g/t Ag, 0.52% Pb, 0.60% Zn.

PND121 was planned to test strong IP anomaly 280 meters south of the Paca mineral resource estimate. A 2 m interval of sulphide mineralization was encountered at 57-59 m grading 1 g/t Ag, 1.25% Pb, 2.64% Zn nested within a wider interval of 18 m (50-68 m) of 2 g/t Ag, 0.65% Pb, 0.81% Zn. Another 4 m interval shortly downhole of this interval from 75-79 m grades 56 g/t Ag, 0.16% Pb, 0.12% Zn.

PND122 was designed to test an IP anomaly 240 m southeast of the Paca mineral resource estimate. Disseminated sulphides were encountered from 34-56 m (22 m thickness) grading 1 g/t Ag, 0.56% Pb, 0.46% Zn and a silver-bearing interval from 66-69 m (3 m thickness) grading 76 g/t Ag, 0.03% Pb, 0.09% Zn.

PND119 to PND-122 are considered exploration holes that tested areas outside of the Paca resource and these results confirm mineralization extends beyond the previous the Paca resource limits. All 4 of the holes encountered some type of mineralization and confirm that the Paca hydrothermal mineralizing system did extend beyond what was previously understood. The above results are summarized in a Table 7.17 below:

Table 7-17: Silver Elephant 2021 Paca Drilling Program Significant Intercepts

Hole ID	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
PND119	360.0	399.0	39.0	5	0.40	0.49	37
<i>incl...</i>	377.0	379.0	2.0	31	1.14	1.15	112
PND120	39.0	75.0	36.0	12	0.08	0.51	33
<i>incl...</i>	68.0	75.0	7.0	14	0.21	0.94	56
PND120	184.0	187.0	3.0	28	2.18	0.64	126
PND120	280.0	284.0	4.0	6	0.52	0.60	46
PND121	50.0	68.0	18.0	2	0.65	0.81	56
<i>incl...</i>	57.0	59.0	2.0	1	1.25	2.64	147
PND121	75.0	79.0	4.0	56	0.16	0.12	60
PND122	34.0	56.0	22.0	1	0.56	0.46	38
PND122	66.0	69.0	3.0	76	0.03	0.09	72

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 75 % to 95 %

Drill holes PND123, PND124, PND125, and PND126 were completed as step-out holes to the Paca deposit's manto zone (known as Paca North). This zone is a silver oxide enriched portion of the deposit that starts from near surface on the north side of Paca. Paca north's shallow expression and flat-tabular morphology make it ideal for examining the open-pit potential of this area and testing this portion of the deposit's potential outward extent. Drill holes PND123 and PND126 were completed within the current limits of mineral resources and confirm the style and character of mineralization demonstrated in previous drill holes in this area. Drill holes PND 124 and PND125 were completed outside of the current mineral resource estimate for the Paca deposit. Summaries of each hole and their target rationale are provided in the discussion below. In the QP's opinion, these 2021 drilling results have no material impact on the current mineral resource estimate for Paca.

PND123 was within the Paca resource limits adjacent to drill hole PND58 and PND59 and encountered 27 m of 159 g/t Ag, 0.28% Pb, 0.05% Zn starting at 3 m depth, including 1.5 m of 565 g/t Ag, 0.30% Pb, 0.08% Zn. A second 7.5 m interval at 37.5-45.0 m with 68 g/t Ag, 0.11% Pb, 0.07% Zn was encountered.

PND124 was drilled 80 m north of the Paca resource limits and hit mineralization starting at surface encountering 28.5 m of 22 g/t Ag, 0.42% Pb, 0.74% Zn.

PND125 was drilled 25 m east of the Paca resource limits and also encountered mineralization starting at surface to 18.8 m of 33 g/t Ag, 0.2% Pb, 0.52% Zn including 5.0 m of 80 g/t Ag, 0.40% Pb, 1.13% Zn from 10.4-15.4 m.

PND126 was within the Paca resource limits near PND048 and encountered mineralization from surface to 31.0 m of 31 g/t Ag, 0.22% Pb, 0.09% Zn including 78 g/t Ag, 0.27% Pb, 0.08% Zn.

Significant assay intercept results from the Paca North drilling program are shown below in Table 7.18.

Table 7-18: Silver Elephant 2021 Paca North Drilling Program Significant Intercepts

Hole ID	From (m)	To (m)	Core Length (m)*	Ag (g/t)	Pb %	Zn %	AgEq (g/t)
PND123	3.0	30.0	27.0	159	0.28	0.05	154
<i>incl...</i>	7.5	9.0	1.5	565	0.30	0.08	518
PND123	37.5	45.0	7.5	68	0.11	0.07	67
PND124	0.0	28.5	28.5	22	0.42	0.73	63
<i>incl...</i>	15.0	27.0	12.0	21	0.54	1.29	88
PND125	0.0	18.8	18.8	33	0.20	0.52	56
<i>incl...</i>	10.4	15.4	5.0	80	0.40	1.13	130
PND126	0.0	31.0	31.0	31	0.22	0.09	39
<i>incl...</i>	29.0	31.0	2.0	78	0.27	0.08	82

*Reported lengths are core downhole lengths and not true widths. True widths are estimated at approximately 75 % to 95 %

The Company adopted a similar sampling and QAQC program used in its prior drilling programs in 2019 and 2020 for the 2021 drilling programs. A geochemical standard control sample and one blank sample was inserted into the sample stream every 20th sample. Duplicates were taken at every 40th sample. Standards and duplicates including lab duplicates and standards were analyzed using Thompson-Howarth plots. Samples were shipped to ALS Global Laboratories in Ururo, Bolivia for preparation, and then shipped to ALS Global laboratories for analysis in Lima,

Peru. Samples were analyzed using intermediate level four acid digestion. Silver overlimits were analyzed using fire assay with a gravimetric finish. ALS Laboratories sample management system meets all requirements of International Standards ISO/IEC 17025:2017 and ISO 9001:2015. All ALS geochemical hub laboratories are accredited to ISO/IEC 17025:2017 for specific analytical procedures. All samples were taken from HQ-diameter core which were split in half by a diamond-blade masonry saw. One-half of the core was submitted for laboratory analysis and the other half was preserved on the Company's secured core facility for reference. All core was geotechnically analyzed, photographed and then logged by geologists prior to sampling.

7.2.6 ASC, Apogee, and Silver Elephant Drilling Program Planning and Logistics

Planning for drill holes was based on the logging and interpretation of geological cross sections generated by staff geologists. Drill hole coordinates were established from base maps and surface drill hole collars were then located on the ground by field geologists using hand-held GPS equipment. Hole azimuths and inclinations were established using a compass and clinometer. Down hole deviation was determined at various down hole intervals, with 30 m (Silver Elephant) and 50 m (ASC and Apogee) separation being common, using either Tropari or Reflex down hole survey tools.

ASC and Apogee drill core was initially stored at the drill site in wooden core boxes which hold approximately three metres of core. Recent drilling programs completed by Silver Elephant utilized core boxes that hold up to 3 metres of core. Boxes were marked with the hole identification, box number and the included depth interval of the drill hole. Drilling staff marked core depth, generally in 3 m intervals, with a wooden tag indicating downhole depth at that point in metres. Once the drill hole was completed, drill hole collar coordinates were surveyed by staff surveyors and a concrete monument was typically established. The drill hole number was typically affixed to the monument by either a plate or simple printing in the cement.

Overall core recovery reported by ASC, Apogee, and Silver Elephant exceeds 90% in most cases, regardless of the type of rock being recovered. However, review of database records and drill log entries, plus observations made during the site visit drill core inspection programs by the report authors, show that individual drill holes having intervals of problematic low core recovery are present. These are identifiable in the digital drilling database and have been considered during selection of assay intervals for use in the current mineral resource estimates for the Pulacayo and Paca deposits. Zones with poor recovery typically occur in the Quaternary near-surface intervals, often directly below the cased overburden section. Since the Quaternary material is not included in the mineral resource grade domain solids, this style of loss did not appreciably impact the current mineral resource model. The report authors reviewed core from various positions within the deposit during the three field visits and confirmed that good recovery through mineralized

zones is generally obtained. However, some intervals of strong fracturing and reduced core recovery were also inspected. None of these was considered inadequate for inclusion in the mineral resource estimation programs. Based on his recent site visit, report author Dr. Arce did not highlight core loss as a significant issue in relation to the 2020 Silver Elephant drilling program.

7.2.7 Report Authors Opinion on ASC, Apogee and Silver Elephant Drilling Programs

The report authors are of the opinion that the drilling programs carried out by ASC, Apogee, and Silver Elephant (2019 to 2021 drilling programs) were completed in accordance with current industry standards including CIM best practice guidelines such that the resulting data are acceptable for use in the current mineral resource estimates described in this TRS. No drilling, sampling or recovery factor issues were identified that could materially impact the accuracy and reliability of the current mineral resource estimates documented in this TRS.

7.3 Hydrogeology and Geotechnical Data

As of the date of this TRS, Silver Elephant has not completed any hydrogeology or geotechnical studies and associated drilling programs for the Pulacayo and Paca deposits.

8.0 Sample Preparation, Analyses, and Security

Sample methods and approach, laboratory analysis, and security discussions of the ASC, Apogee, and Silver Elephant drilling programs are presented below in chronological order of program initiation.

8.1 Sample Preparation for 2002-2003 ASC Programs

Site procedures pertinent to ASC were not documented in the support information reviewed by the report authors. However, site staff familiar with the earlier ASC drilling programs indicated during the 2011 and 2012 site visits by author Harrington and author Cullen that procedures were generally similar to those employed by Apogee with respect to core logging, sampling, transport of samples and security. All ASC drill core samples were processed at the Oruro, Bolivia laboratory of ALS Chemex, with those from the first phase of drilling being analysed at ALS Chemex (formerly Bondar-Clegg) facilities in Vancouver, BC, Canada. In both instances, standard core preparation methods were used prior to elemental analysis.

8.2 Sample Preparation for Apogee Programs (2006-2012)

The following description of sample preparation and core handling protocols applies to all drilling programs at Pulacayo and Paca in which Apogee participated. Confirmation of applicability was discussed with Silver Elephant staff during the June 2015 site visit by Mercator and previously with Apogee staff during the 2011 and 2012 site visits by author Harrington and Cullen. Pressacco et al. (2010) previously outlined the same general conditions as being applicable for work programs carried out by Apogee prior to the effective date of that report.

Apogee staff were responsible for transport of core boxes by pick-up truck from drill sites to the company's locked and secure core storage and logging facility located in the town of Pulacayo (Figure 8.1). At the facility the core was initially examined by core technicians and all measurements were confirmed. Core was aligned and repositioned in the core box where possible and individual depth marks were recorded at one metre intervals on the core box walls. Core technicians photographed all core, measured core recovery between core meterage blocks, completed magnetic susceptibility readings and specific gravity measurements, and recorded information on hard copy data record sheets. This information was entered into digital spreadsheets and then incorporated in the project digital database.

Figure 8.1: Apogee Core Logging Facility at Pulacayo Site

Drill site geologists initially completed a written quick log of drill hole lithologies along with a graphical strip log illustrating lithologies at the drill site. At the core facility they subsequently completed a detailed written description of lithologies, alteration styles and intensities, structural features, mineralization features such as occurrences and orientations of quartz veins, and the style, amount and distribution of sulphide minerals. Drill hole sections were drawn on paper cross sections when logging was completed and lithologies were graphically correlated from drill hole to drill hole.

Mineralized intervals were marked for sampling by the logging geologist using colored grease pencils and intervals plus associated sample numbers were recorded on a hardcopy sample record sheet. All paper copy information for each drill hole, including quick logs, detailed logs, graphical logs, sample record sheets, down hole surveys and assay certificates were secured together in a drill hole file folder to provide an archival record for each drill hole. After logging and processing, down hole lithocoded intervals, sample intervals and drill hole collar and survey information were entered into digital spreadsheets and then incorporated in the project digital database.

Sample intervals are marked by the logging geologist on the core and core technicians then cut the corresponding core in half using a diamond saw. Friable core was cut in half with a knife. Each half core sample was assigned a unique sample tag and number and placed in a correspondingly

numbered 6 mil plastic sample bag. A duplicate tag showing the same number was secured to the core box at the indicated sample interval. As noted earlier, all sample intervals and corresponding numbers were recorded on a hardcopy sample data sheet and subsequently entered into a digital spreadsheet for later incorporation in the project database. The secured plastic sample bags were grouped in batches of 6-10 samples and secured in a larger plastic mesh bag in preparation for shipment to the ALS preparation laboratory located in Oruro, Bolivia. All bagged samples remained in a locked storage facility until shipment to the laboratory. Samples were transported from the core storage area to the ALS facility by either Apogee personnel or a reputable commercial carrier. Sample shipment forms were used to list all samples in each shipment and laboratory personnel cross-checked samples received against this list and reported any irregularities by fax or email to Apogee. Apogee advised author's Harrington and Cullen that it has not encountered any substantial issues with respect to sample processing, delivery or security during the Paca or Pulacayo programs.

8.3 Sample Preparation for Silver Elephant Program (2019-2021)

Silver Elephant staff were responsible for transport of core boxes by pick up truck from the drill sites to the same locked and secure core storage and logging facility used by Apogee located in the town of Pulacayo. Drill logging and marking procedures are similar to the protocols established by Apogee, with focus on digital logging formats rather than paper copy records. Core technicians photographed all core and measured core recovery between core meterage blocks. Site geologists initially completed a written quick log of drill hole lithologies. Project geologists subsequently completed a detailed description of lithologies, alteration styles and intensities, structural features, mineralization features such as occurrences and orientations of quartz veins, and the style, amount and distribution of sulphide minerals at the core facility.

All activities pertaining to data collection, including sampling, insertion of control samples, packaging and transportation are conducted under the supervision of project geologists. Sample intervals are marked by the logging geologist on the core and core technicians then cut the corresponding core in half using a diamond saw. Each half core sample is assigned a unique sample tag and number and placed in a correspondingly numbered 6 mil plastic sample bag. A duplicate tag showing the same number is secured to the core box at the indicated sample interval. Samples are placed in sequence into rice bags which are labelled with a company code and the sample series enclosed in the bag. Requisition forms are compiled using the sample reference sheets generated since the previous shipment. When a shipment is ready, the sealed rice bags are dispatched to the ALS (Oruro, Bolivia) laboratory via commercial courier. Laboratory personnel check to ensure that no seal has been tampered with and acknowledge receipt of samples in good order via e-mail correspondence with the laboratory staff.

8.4 Drill Core Analysis for ASC Programs

Samples from the ASC Paca drilling programs carried out in 2002 were also prepared and analyzed by ALS. However, after preparation at the facility in Oruro, Bolivia under generally the same protocols as noted above for Apogee, analytical work was carried out at the ALS laboratory in Vancouver, BC, Canada. This facility was independent and fully accredited at the time as described earlier and analytical protocols were the same as those described above for Apogee.

8.5 Drill Core Analysis for Apogee Programs

Apogee staff logged and sampled drill core and carried out immersion method bulk density determinations but did not carry out any form of direct sample preparation or analytical work on project samples. Project analytical work was completed by ALS at its analytical facility in Lima, Peru after completion of sample preparation procedures at the ALS facility located in Oruro, Bolivia. ALS is an internationally accredited laboratory services firm with National Association of Testing Authorities (“NATA”) certification and that is certified to ISO Standards. The laboratory utilized industry standard analytical methodology and practiced rigorous internal Quality Assurance and Quality Control (“QAQC”) procedures for self-testing at the time of sample processing.

All samples were weighed upon receipt at the ALS lab and were prepared using ALS preparation procedure PREP-31B that consists of crushing the entire sample to >70% -2 mm, then splitting off 1 kg and pulverizing it to better than 85% passing 75 microns. The coarse reject materials from this processing were returned to Apogee for storage on site at Pulacayo.

Silver, lead and zinc concentrations for Apogee programs were analyzed by ALS using an Aqua Regia digestion and Atomic Absorption Spectroscopy (AAS) following ALS methods AA46 and AA62. Samples returning assay values greater than 300 g/t Ag were further analyzed using quantitative method Ag-GRAV22, which uses a Fire Assay pre-concentration and Gravimetric Finish on a 50g sample aliquot. Gold values were determined using the Au-AA26 analytical method provided by ALS that employs a Fire Assay pre-concentration followed by Atomic Absorption finish on a 50g sample aliquot. A multi-element analysis was also completed on samples using method code ME-MS41 which uses Aqua Regia digestion and ICP-AES analysis.

8.6 Drill Core Analysis for Silver Elephant Program (2019-2021)

No aspect of the sample preparation for analysis is conducted by an employee, officer, director or associate of the Company. Silver Elephant uses the ALS (Oruro, Bolivia) facility as their sample

preparation laboratory. All samples were weighed upon receipt at the ALS lab and prepared using ALS preparation procedure PREP-31B that consists of crushing the entire sample to >70% passing 2 mm, then splitting off 1 kg and pulverizing it to better than 85% passing 75 microns. The coarse reject materials from this processing were returned to Silver Elephant for storage on site at Pulacayo.

Following preparation, the sample pulps are sent to ALS in Lima, Peru, for analysis. The analysing laboratory (ALS Lima, Peru) is ISO/IEC 42 17025:2005 accredited and both branches (ALS Oruro and Lima) are fully independent of Silver Elephant. The laboratory utilized industry standard analytical methodology and practiced rigorous internal QAQC procedures for self-testing at the time of sample processing.

Silver, lead and zinc concentrations for the Silver Elephant drilling programs were analyzed by ALS by multi-element analysis method, ALS code ME-ICP61a, using optical emission spectrometry and the inductively coupled plasma spectrometer (ME-ICPORE). Samples returning assay values greater than 200 g/t Ag were further analyzed using quantitative method Ag-GRAV21, which uses a Fire Assay pre-concentration and Gravimetric Finish on a 30g sample aliquot, and using Aqua Regia digestion and Atomic Absorption Spectroscopy (AAS) method Ag-OG62.

8.7 Quality Assurance and Quality Control

The report authors have reviewed all available QAQC data for Apogee and ASC drilling programs at Pulacayo and Paca that support the current mineral resource estimates. This confirmed Micon's earlier assertion that external QAQC program data were not available for ASC programs. It also confirmed that Apogee had carried out systematic monitoring of QAQC issues through use of certified reference materials, blank samples, duplicate pulp split samples, independent check samples and third party check sample analysis. No certified reference materials were used for the 2006 program. The report authors also reviewed QAQC program results for the 2019-2020 Silver Elephant core drilling program that included insertion of certified reference materials, blank samples and analysis of duplicate pulp splits. Results associated with each of the noted QAQC programs are addressed below under separate headings. Silver Elephant has confirmed that the QAQC protocols are the same for the 2021 drilling programs completed outside of the current resource estimate areas for the Pulacayo and Paca deposits.

8.7.1 Apogee Programs – 2006 to 2012

Drill core sampling carried out by Apogee during the 2006 through 2012 programs on the Pulacayo site was subject to a QAQC program administered by Apogee. This included submissions of blank samples, duplicate split samples of quarter core and half core, Apogee field standards

and analysis of check samples at a third-party commercial laboratory. Additionally, internal laboratory reporting of quality control and assurance sampling was monitored by Apogee on an on-going basis during the course of the project. Details of the various components are discussed below under separate headings.

Program Description and Results

Analytical field standard materials were prepared by Apogee in-house for use beginning in the 2006 Pulacayo and Paca drilling programs and consisted of coarsely fragmented mineralized bedrock obtained by Apogee staff from the local Pulacayo area. Micon flagged this approach in 2007-2008, noting that the associated sample material was inappropriate for the stated purpose and recommended that in future the company should use commercially available certified reference materials matched to the deposit type. This recommendation was adopted by Apogee for subsequent drilling programs. In total, results for 449 field reference samples submitted by Apogee for analysis were reviewed for this report. Reference samples were systematically inserted into the laboratory sample shipment sequence by Apogee staff at a nominal frequency of 1 in 30 (Table 8.1) for the 2006 Paca program. Records of reference standard insertion were maintained as part of the core sampling and logging protocols.

Table 8.1: Apogee Field Reference Material Data for 2006 Paca Drilling

Field Reference Material	Average Ag g/t	Average Pb %	Average Zn %	Number
FSPU01	706.58	2.75	1.7	449

Returned silver values for the field sample material range between 79 g/t and 1670 g/t and the population has a standard deviation of 192.4. Figures 8.2, 8.3 and 8.4 present program results for silver, zinc and lead, respectively, and show that substantial inconsistencies in grade occur within each metal in the population. The distribution curves are chronologically ordered and also show that several intervals of elevated values occur within the data set. This can be explained in various ways, but heterogeneity of the source material used for the field standard samples may be a substantial contributing factor. It is also noted that FSPU01 was not prepared in the manner normally undertaken for standard materials, which typically includes prescribed preparation protocols and round-robin testing at multiple commercial laboratories.

Report Authors Comment on Apogee In-House Field Standard Program

The report authors are of the opinion that analytical results returned for the Apogee field standard program material should not be used to assess accuracy of associated core analytical results. This reflects the wide range of values returned for the material plus recognition that

material preparation procedures normally established for analytical standards were not applied to the field standard material.

Figure 8.2: Field Standard FSPU01 Analytical Results for Silver (N= 449)

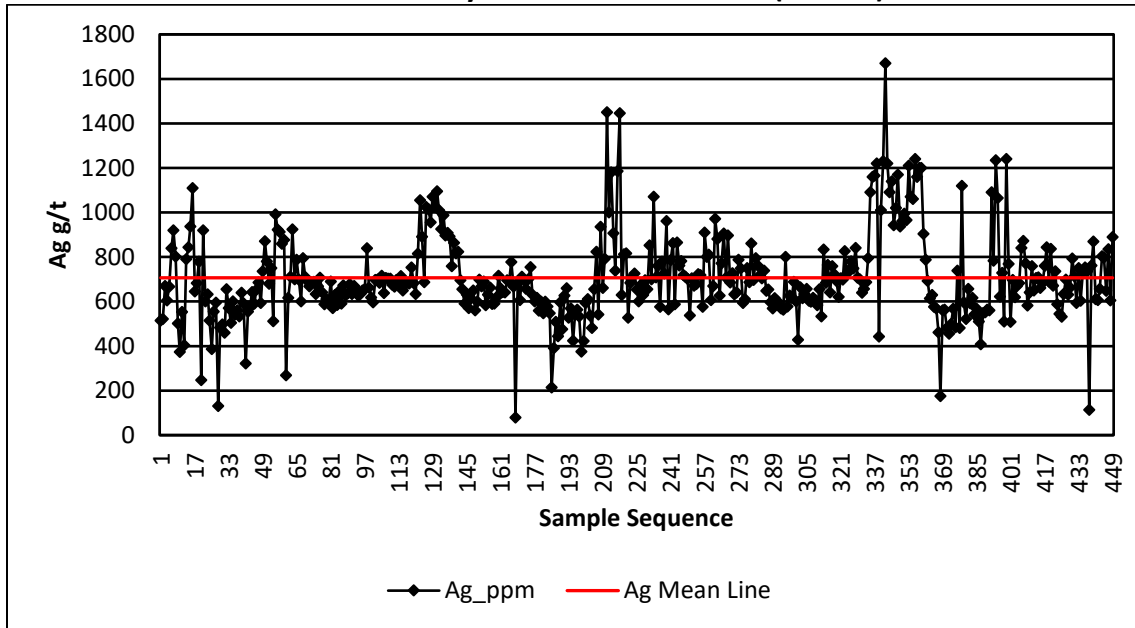


Figure 8.3: Field Standard FSPU01 Analytical Results for Zinc (N= 449)

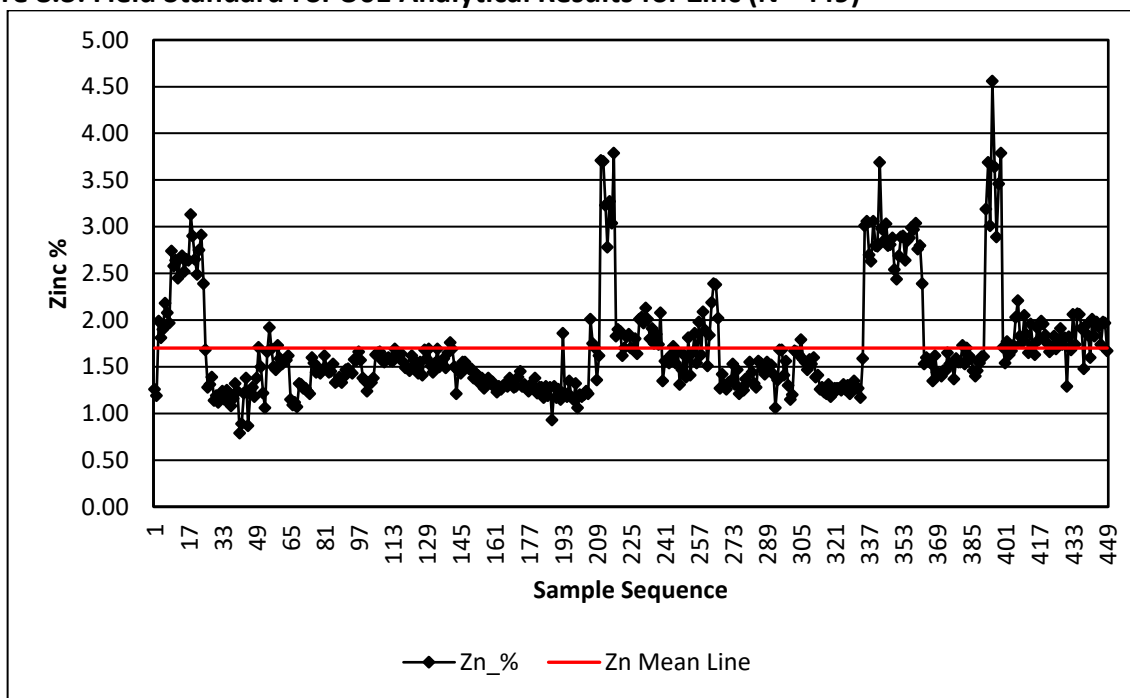
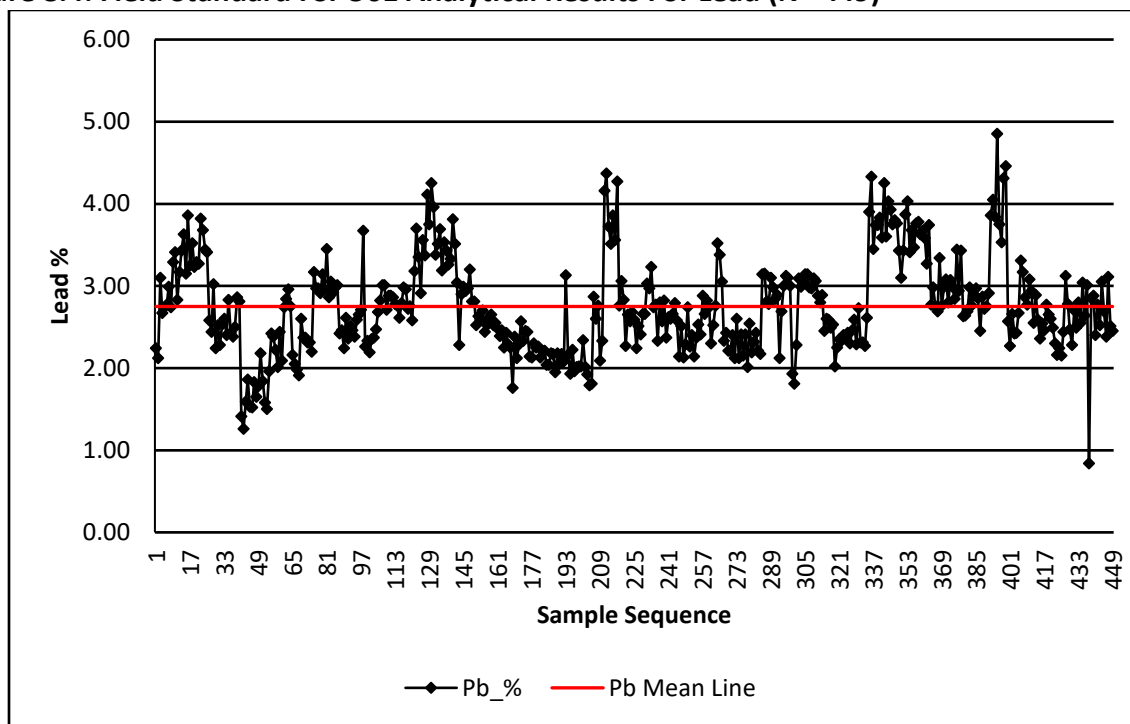


Figure 8.4: Field Standard FSPU01 Analytical Results For Lead (N= 449)



Apogee Certified Reference Material Programs - January 2010 to July 2011

Apogee has used three certified reference standards since the Phase IV drilling program commenced in January of 2010. These are CDN-SE-1, obtained from CDN Resource Laboratories (CDN) of Burnaby, BC and PB128 and PB138, obtained from WCM Minerals Ltd. (WCM) of Burnaby, BC. CDN-SE-1 was used since the start of the Phase IV drill program, beginning with drill hole PUD141, and remained in use until cessation of drilling covered by this report in 2012. PB128 was used in pre-January 2010 programs, beginning with drill hole PUD061, and was replaced by PB138 at drill hole PUD207. Descriptions for all three certified standards and their certified mean values appear in Table 8.2.

In total, results for 178 certified reference samples submitted for analysis were reviewed for this project period. This includes all certified reference samples used during the Apogee Phase IV drilling program during the period plus those pertaining to Phase III drill holes PUD134 through PUD138 for which assay results had not been received at the time of the Micon PEA in 2010.

Table 8.2: Certified Reference Materials Data for January 2010 to October 2011 Period

Reference Material	Certified Mean Value \pm 2 Standard Deviations			Number
	Ag g/t	Pb %	Zn %	
CDN-SE-1	712 \pm 57	1.92 \pm 0.09	2.65 \pm 0.20	82
PB128	181 \pm 16.41	4.43 \pm 0.342	2.25 \pm 0.18	91
PB138	199 \pm 8.958	2.04 \pm 0.149	2.08 \pm 0.124	5

Reference samples were systematically inserted into the laboratory sample shipment sequence by Apogee staff that ensured that at least one standard was submitted for every 50 samples. Records of reference standard insertion were maintained as part of the core sampling and logging protocols.

The CDN-SE-1 standard was used exclusively during the Phase IV drill program initiated in January 2010 and continued in until cessation of drilling programs in 2012. In total, 82 samples of the material were analyzed during the drilling period covered in this report section, with samples submitted in association with drill holes PUD141 through PUD214. Returned silver values fall within a +15 g/t and -55 g/t range of the 95% confidence interval certified mean range and the average value of 698.75 g/t falls within the mean \pm 2 standard deviations control limits. One sample value falls below the control limits (Figure 8.5). A total of 12 lead values fall below the \pm 2 standard deviations control limits for that metal, with returned values within a +0.025% and -0.135% range of the certified mean. However, the average lead value of 1.87% falls within the control limits (Figure 8.6). Returned zinc values are more closely distributed around the certified value than those of silver and lead, with the average returned value of 2.65% being the same as the certified value. All values fall within +0.32% and -0.13% of the certified mean, with one result above the control limits (Figure 8.7).

The PB128 standard was used throughout the Phase III drill program, beginning in January 2008 and continued through most of the Phase IV drill program. Use began with drill hole PUD061 and finished with drill hole PUD208. Results for a total of 91 samples collected since January 2010 were reviewed for this report, with these corresponding to drill holes PUD134 to PUD208, exclusive of hole PUD207. All samples returned results for lead and zinc and 89 of the 91 samples returned results for silver. Silver values fall within a range of +13g/t and -8g/t of the certified mean value and the average value of 181.57 g/t very closely approximates the 181.0 g/t certified mean value (Figure 8.8). Lead values fall within +0.15% and -0.27% of the certified mean range and average 4.36%, all of which fall within mean \pm 2 standard deviations control limits (Figure 8.9). One zinc value falls above the control limits but others fall within +0.20% and -0.09% of the certified mean range. The average returned value of 2.29% falls within the mean \pm 2 standard deviations control limits (Figure 8.10).

Figure 8.5: Certified Standard CDN-SE-1 Results – Ag g/t (N=82)

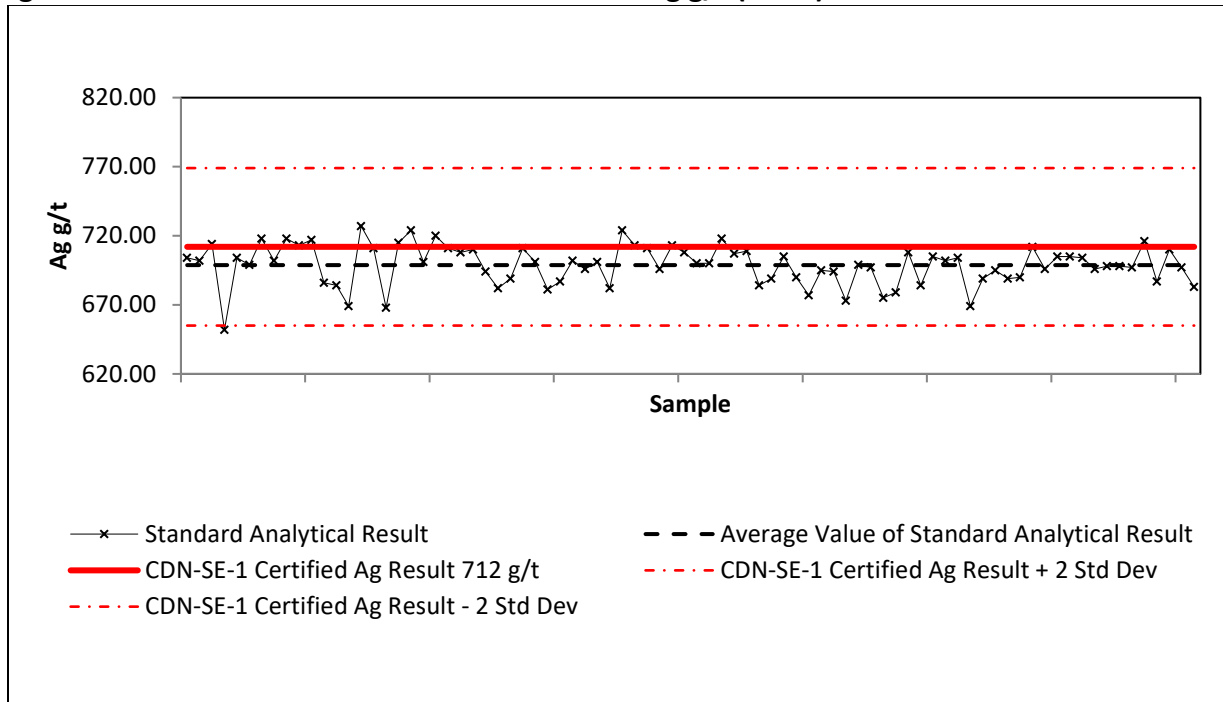


Figure 8.6: Certified Standard CDN-SE-1 Results-Pb% (N=82)

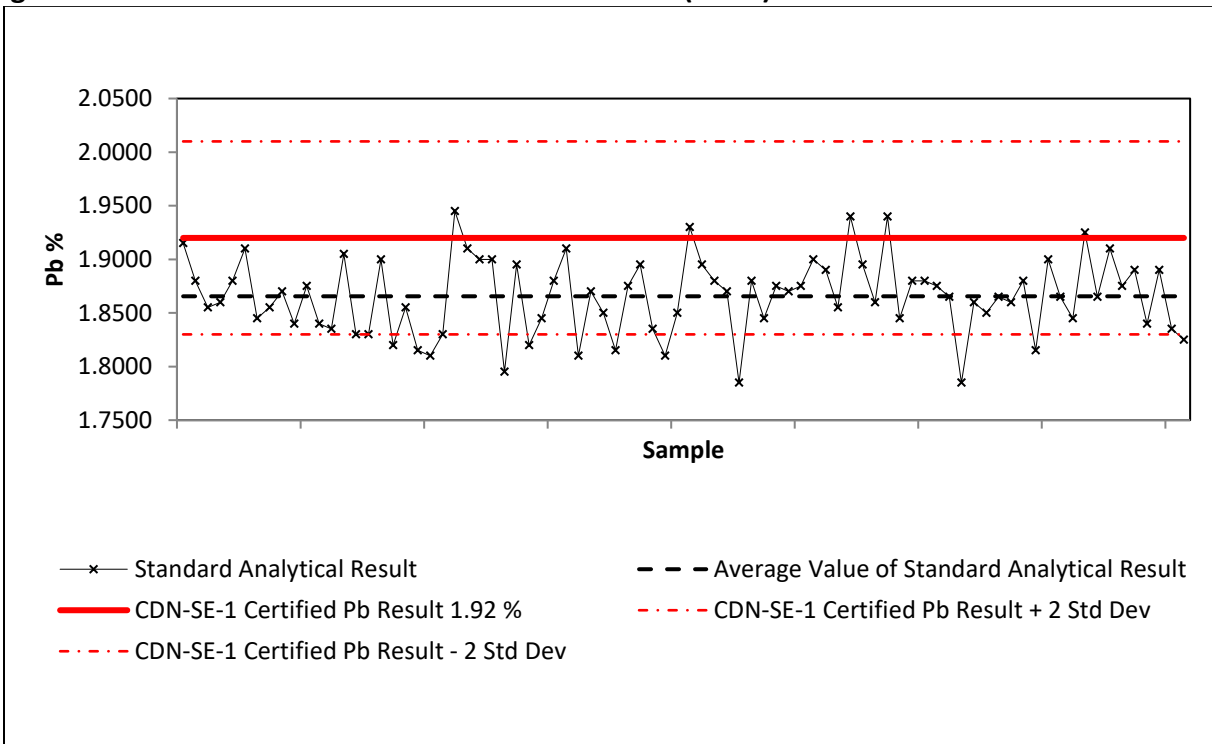


Figure 8.7: Certified Standard CDN-SE-1 Results – Zn % (N=82)

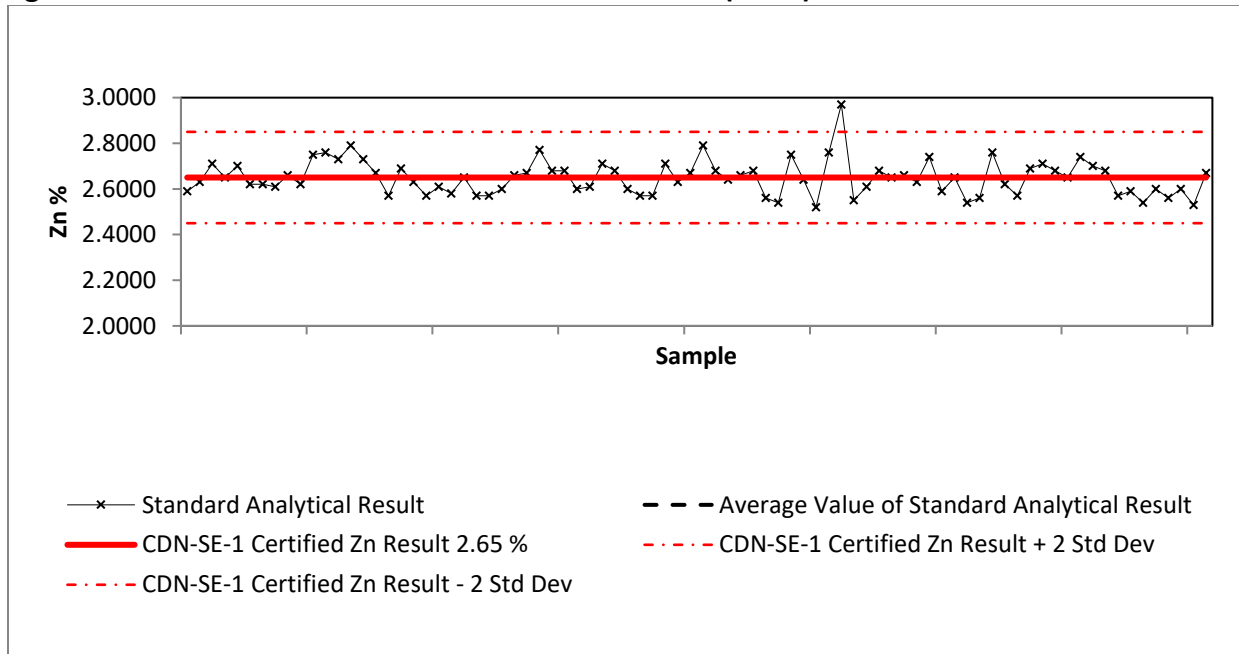


Figure 8.8: Certified Standard PB128 Results – Ag g/t (N=89)

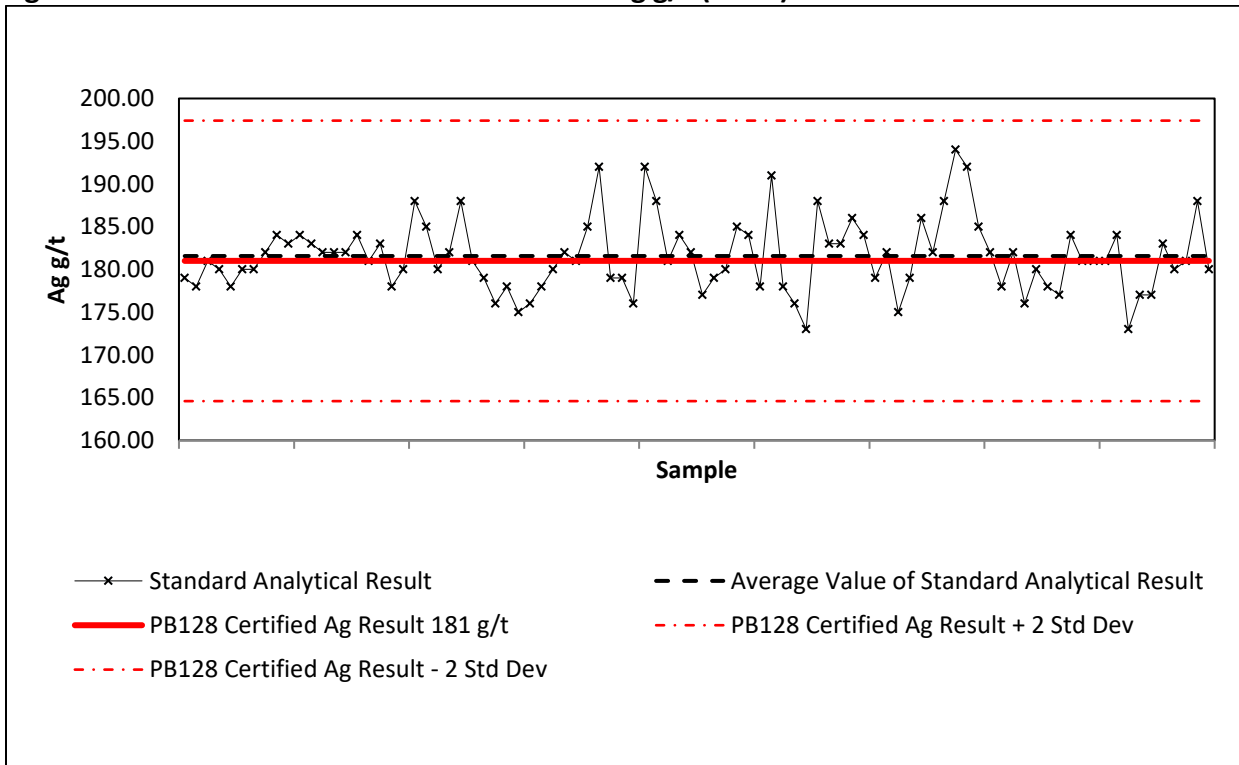


Figure 8.9: Certified Standard PB128 Results – Pb % (N=91)

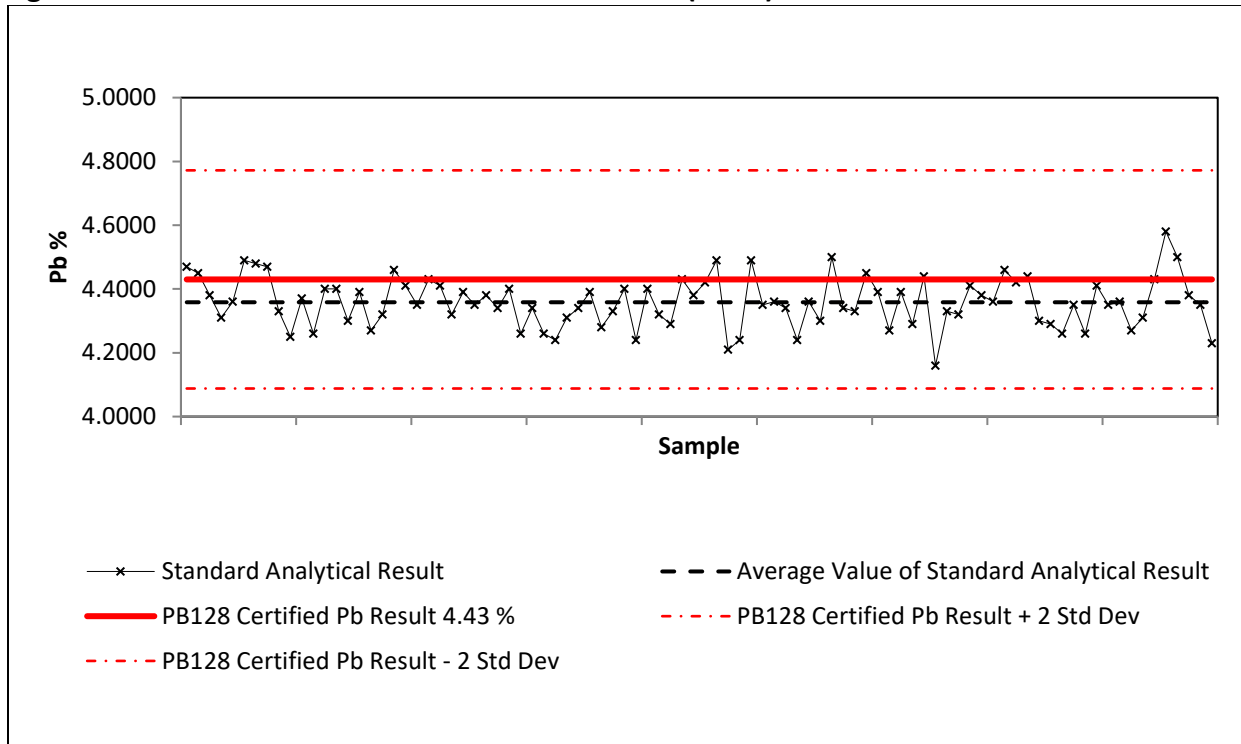
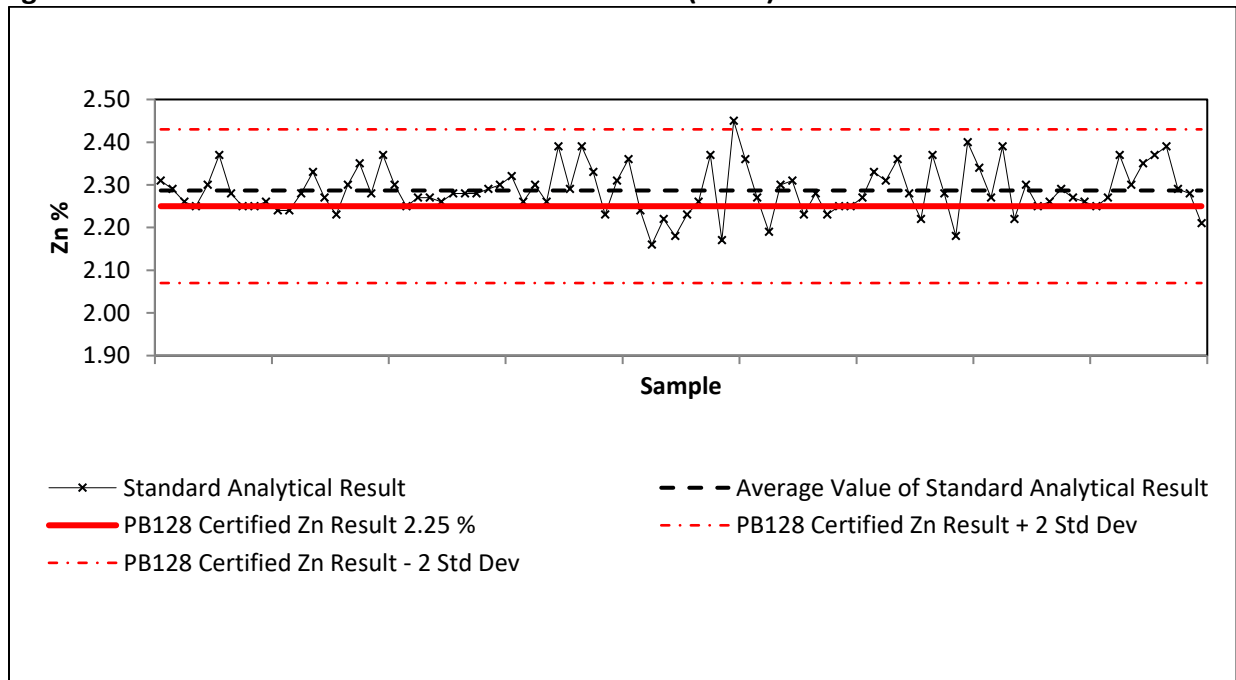


Figure 8.10: Certified Standard PB128 Results – Zn% (N=91)



The PB138 certified reference material was introduced during the Phase IV drill program to replace PB128 and a total of 5 samples of the material were analyzed in association with drill holes PUD207, PUD210, PUD211A, and PUD214. Silver values returned fell within -9 g/t of the certified mean value range and average 194.20 g/t, all of which fall within mean \pm 2 standard deviations control limits (Figure 8.11). The average lead value of 1.91% falls within mean \pm 2 standard deviations control limits, with all but one value falling within -0.25% of the certified mean range. One value occurs below the lower control limit (Figure 8.12). Zinc results fall within +0.11% and -0.20% of the certified mean value with 2 falling below mean \pm 2 standard deviations control limits. The mean value of 2.00% falls within control limits (Figure 8.13).

Based on results presented above, it is apparent that a low bias exists in silver and lead results for CDN-SE-1. This is most pronounced in the lead data set where 15% of samples returned values below mean \pm 2 standard deviations control limits. In contrast, zinc results for CDN-SE-1 closely track the certified mean value. A low bias may also be present for silver, lead and zinc in the PB138 data set, but the limited number of samples (5) prevents further comment. PB128 results for all three metals typically fall within mean \pm 2 standard deviation project control limits.

Apogee Certified Reference Material Programs – September 2011 to January 2012

The oxide zone diamond drilling program was carried out between September 2011 and December 2011 and some oxide zone re-sampling of earlier holes was carried out in January of

Figure 8.11: Certified Standard PB138 Results - Ag g/t (N=5)

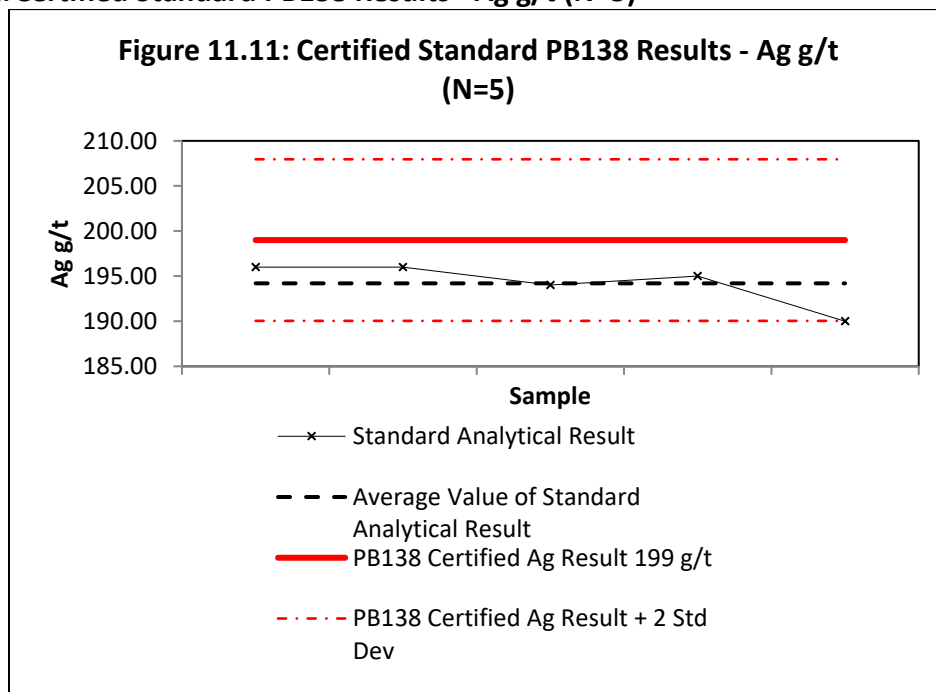


Figure 8.12: Certified Standard PB138 Results - Pb % (N=5)

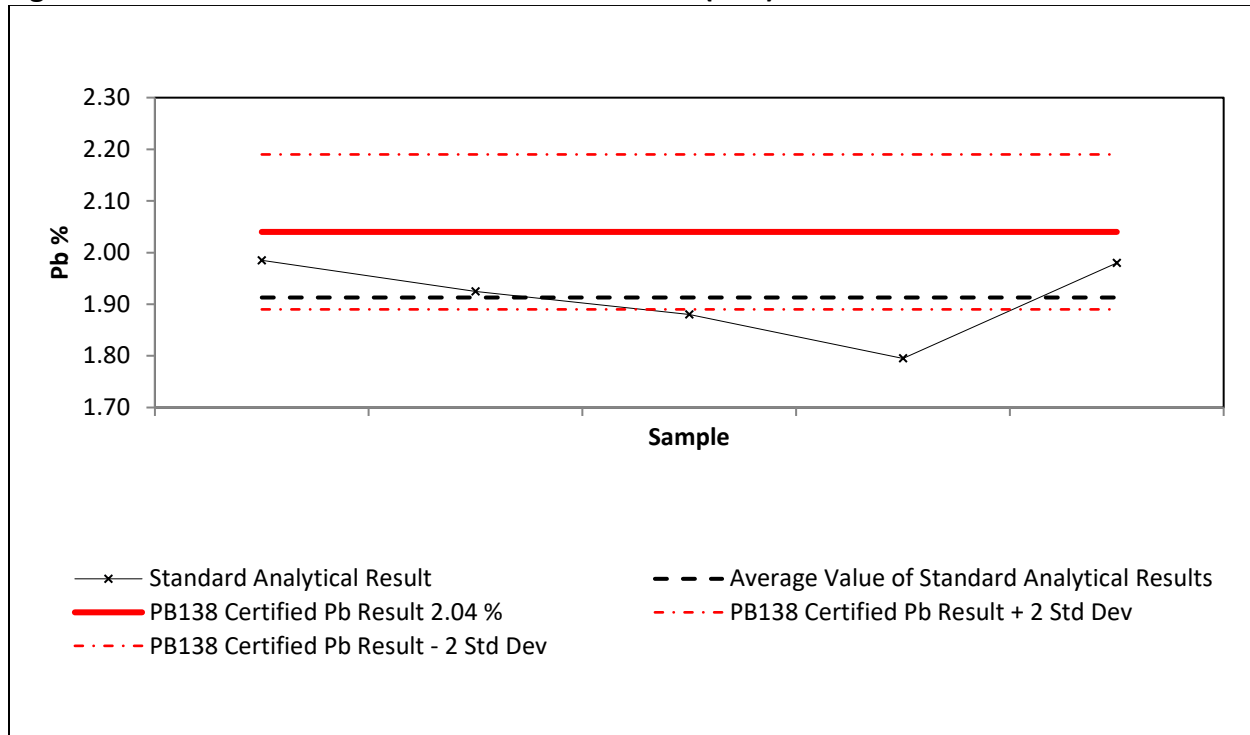
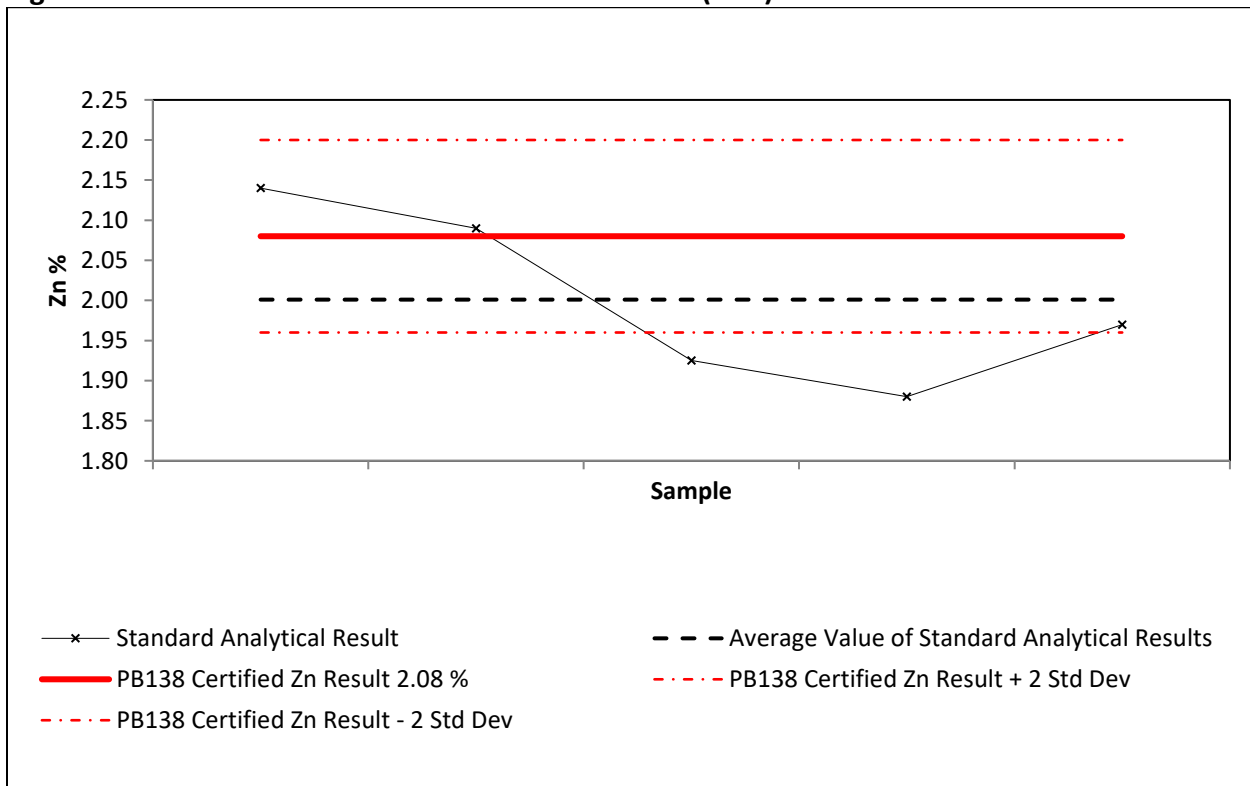


Figure 8.13: Certified Standard PB138 Results - Zn % (N=5)



2012. Certified reference material insertion protocols for this period were the same as those described above for the earlier Apogee program. The CDN SE-1 (25 samples) and PB138 (54 samples) reference materials were used during this period and results for both typically fall within the mean \pm 2 standard deviations control limits for the project. Slight low bias within the control limits is notable for Pb in CDN-SE-1 and PB138 results show similar slight low bias within control limits for all three metals. Results for the two reference materials are interpreted as indicating an acceptable degree of accuracy in the associated data set. Figures 8.14 to 8.16 present CDN-SE-1 Ag, Pb and Zn results for this program and Figures 8.17 to 8.19 present PB 138 Ag, Pb and Zn results.

Figure 8.14: Certified Standard CDN-SE-1 Results - Ag g/t (N=25)

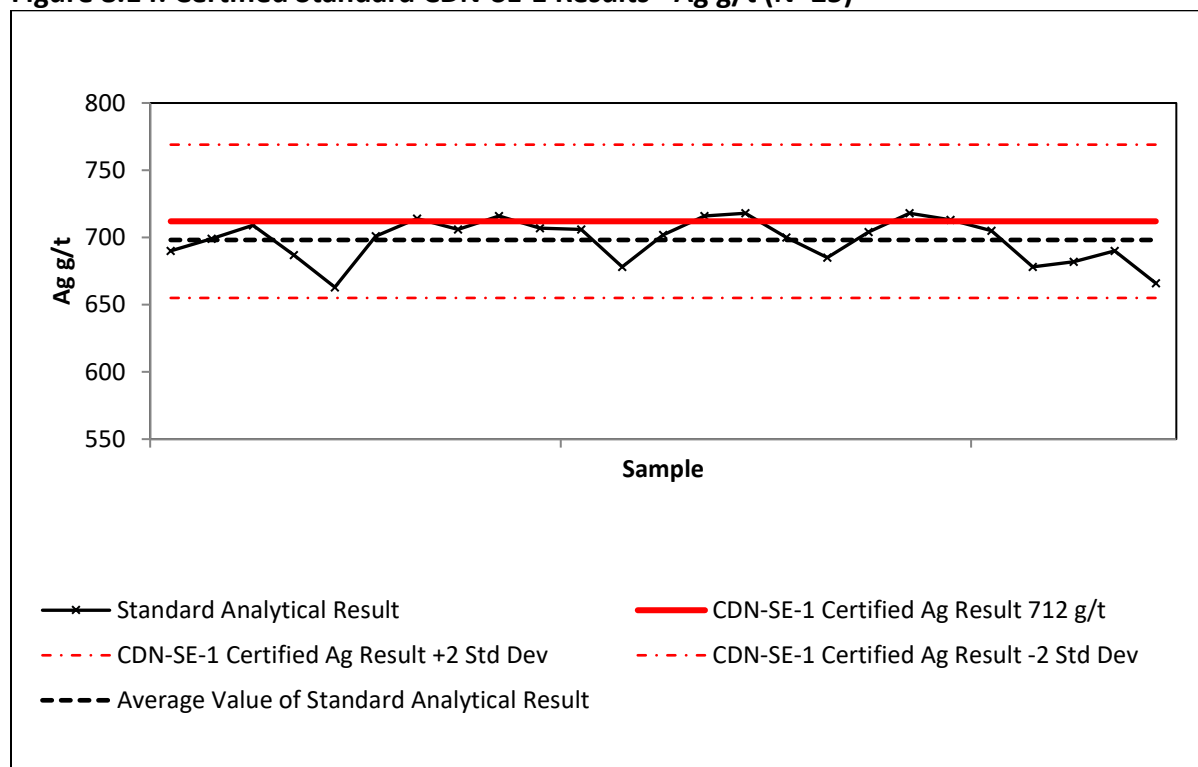


Figure 8.15: Certified Standard CDN-SE-1 Results - Pb % (N=25)

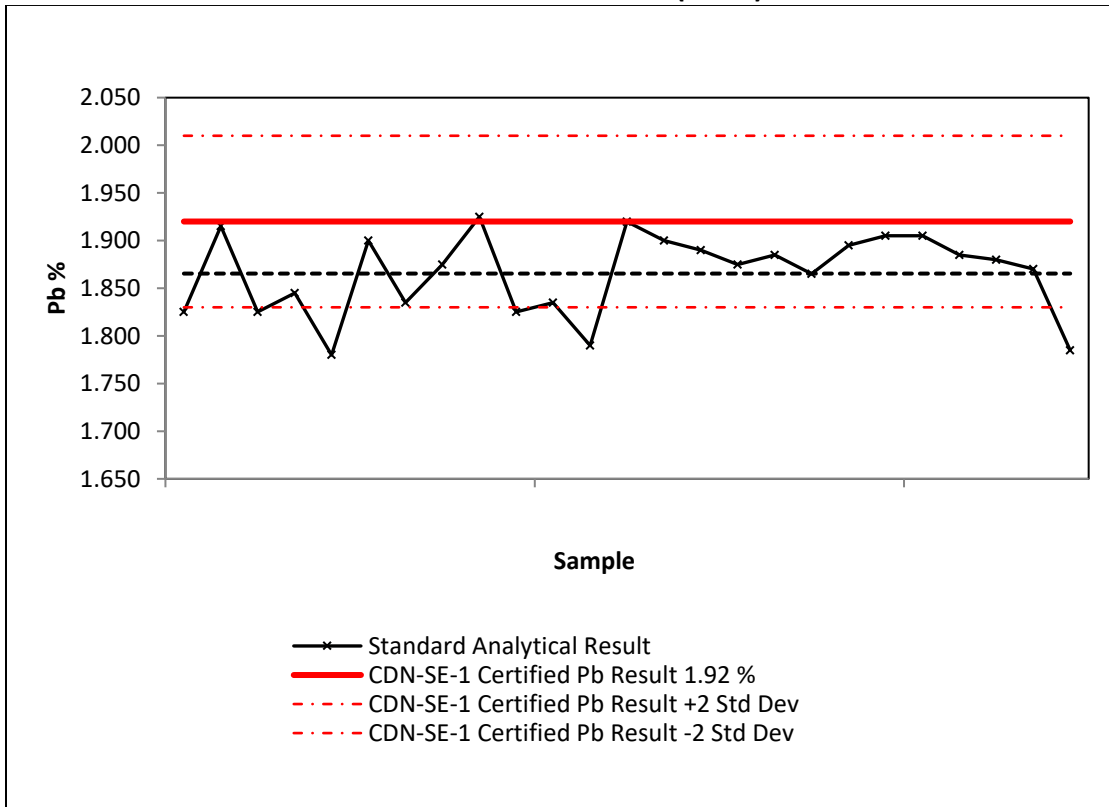


Figure 8.16: Certified Standard CDN-SE-1 Results - Zn % (N=25)

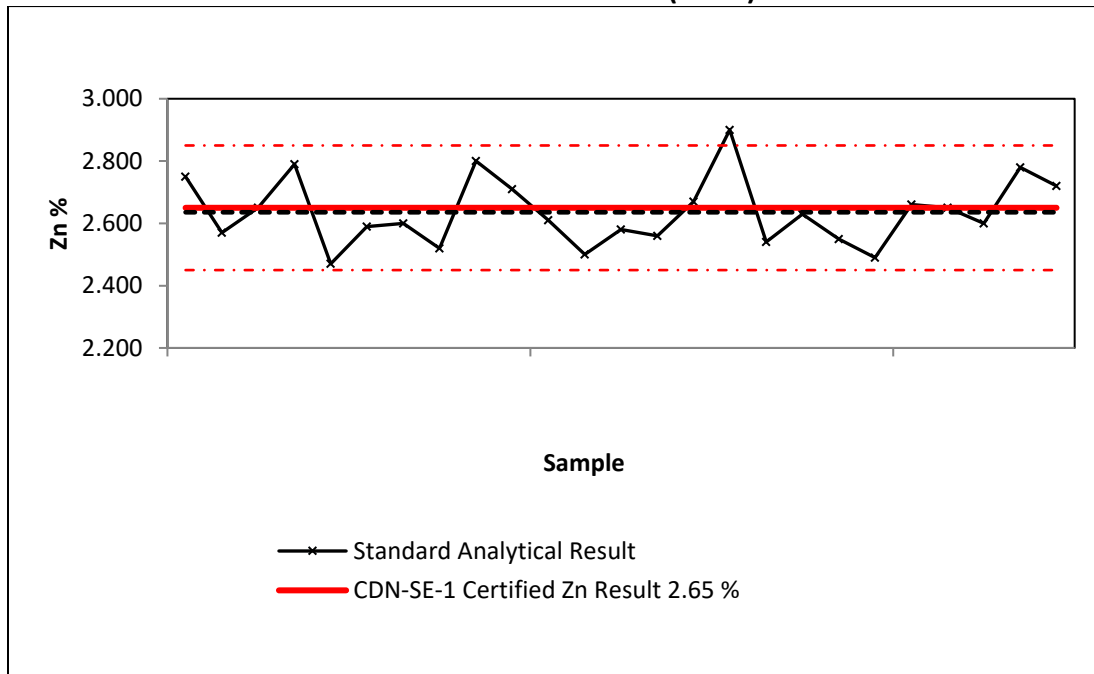


Figure 8.17: Certified Standard PB138 Results - Ag g/t (N=54)

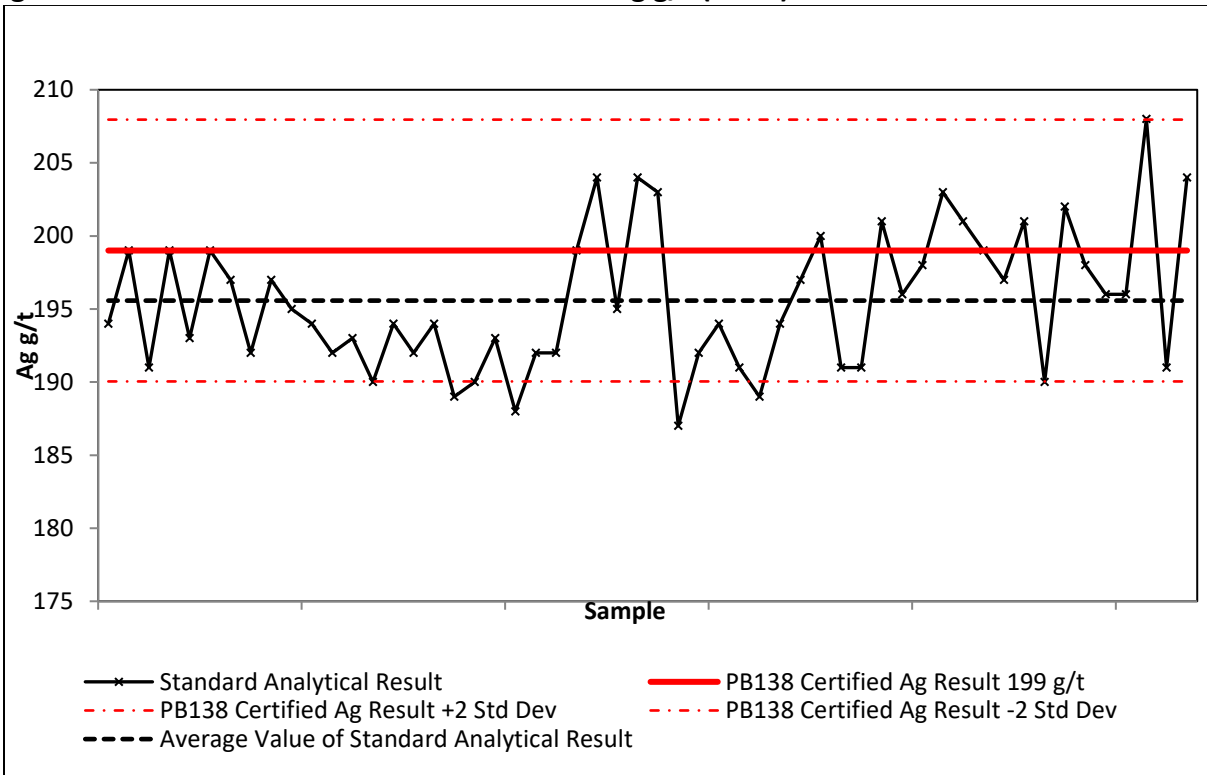


Figure 8.18: Certified Standard PB138 Results - Pb % (N=5)

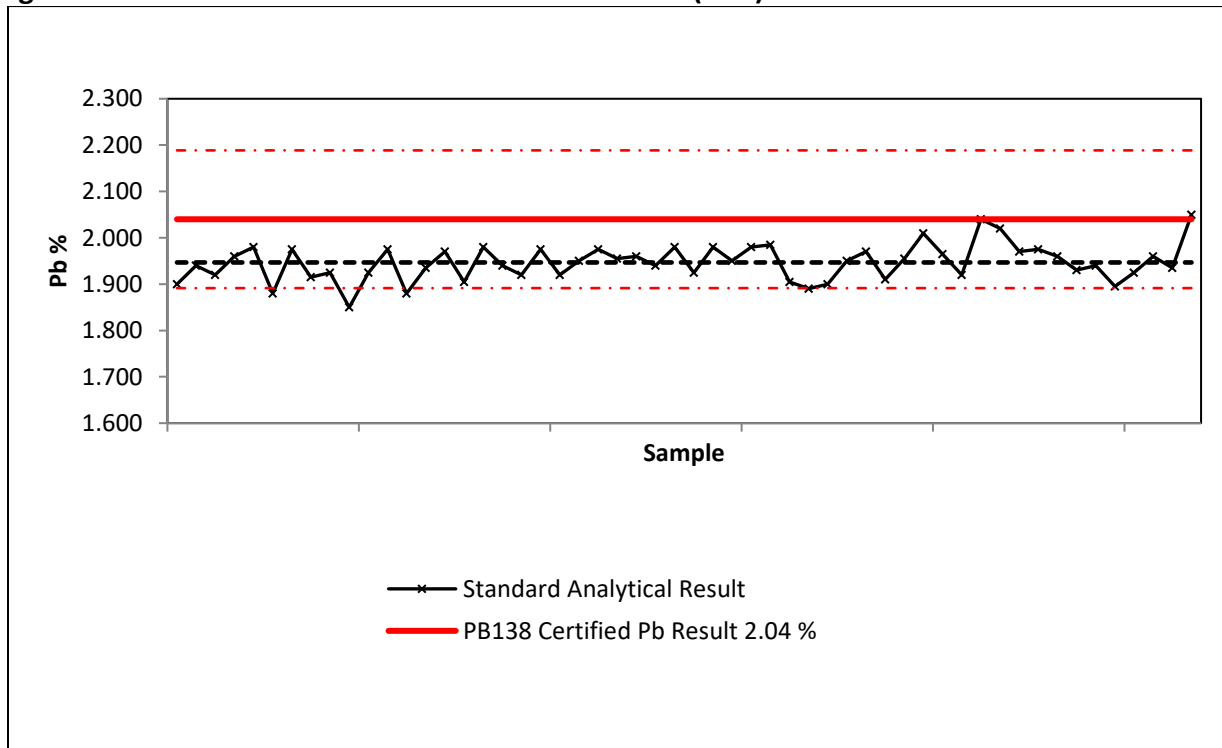
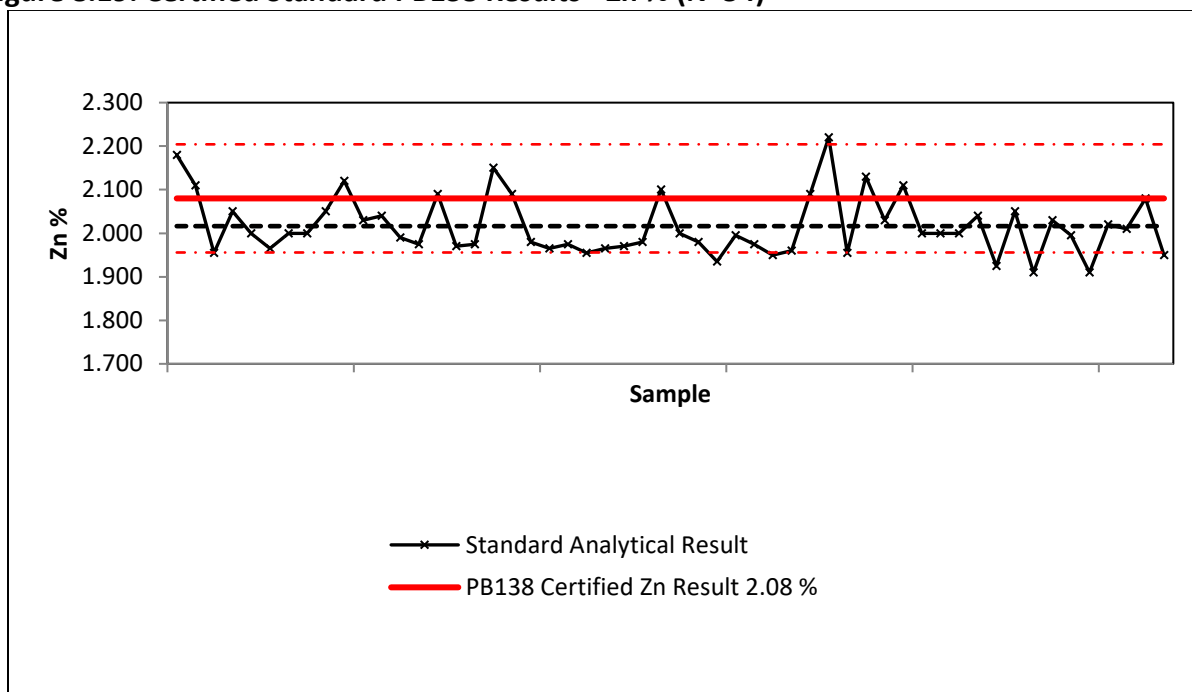


Figure 8.19: Certified Standard PB138 Results - Zn % (N=54)



Report Authors Comment on ASC and Apogee Certified Reference Material Programs

The report authors are of the opinion that ASC and Apogee certified reference material programs were sufficient and appropriate for a project of this size. Notwithstanding the low bias trends noted above, the report authors consider combined data of all certified reference material programs to be sufficiently consistent to support use of associated datasets for current resource estimation purposes. However, it is recommended that low bias trends for the associated reference materials be investigated further.

Blank Sample Programs

Program Description and Results

Blank samples were systematically inserted into the laboratory sample stream by Apogee staff during the 2006 Paca drilling programs as well as in the Pulacayo drilling programs that were carried out in the same year. It is assumed that the same quartzite material used at Pulacayo was also used for the Paca program, but this was not confirmed by the report authors. A total of 535 blank samples were analysed for 12,427 normal core samples and this reflects an average insertion rate between 1 in 20 and 1 in 25.

Average blank values of 0.76 g/t for silver, 0.006% for zinc and 0.005% for lead apply to this program and Figures 8.20, 8.21 and 8.22 present respective chronologically sequenced data. Descriptive statistics and rank/percentile distribution analysis were completed for each blank metal of the blank sample data set. These showed that all but one sample returned a silver value less than or equal to 20.94 g/t, with 99.8% of silver values being less than or equal to 10 g/t. Zinc results show that 99.8% of samples returned values less than or equal to 0.64% and that only one sample with a value of 0.38% exceeded this threshold. Lead results are similar, with 99.8% of samples having values less than or equal to 0.03% and only one value above this level at 0.13%. Notably, maximum lead and zinc values assign to the same sample abut do not correlate with the maximum silver value.

The oxide zone diamond drilling program was carried out between September 2011 and December 2011 and some oxide zone re-sampling of earlier holes was carried out in January of 2012. The blank sample insertion protocol for this period was the same as described above for the earlier programs. These results are interpreted as indicating that no problematic level of sample material cross-contamination exists within the associated dataset.

Figure 8.20: Blank Sample Results – Ag g/t (N= 535)

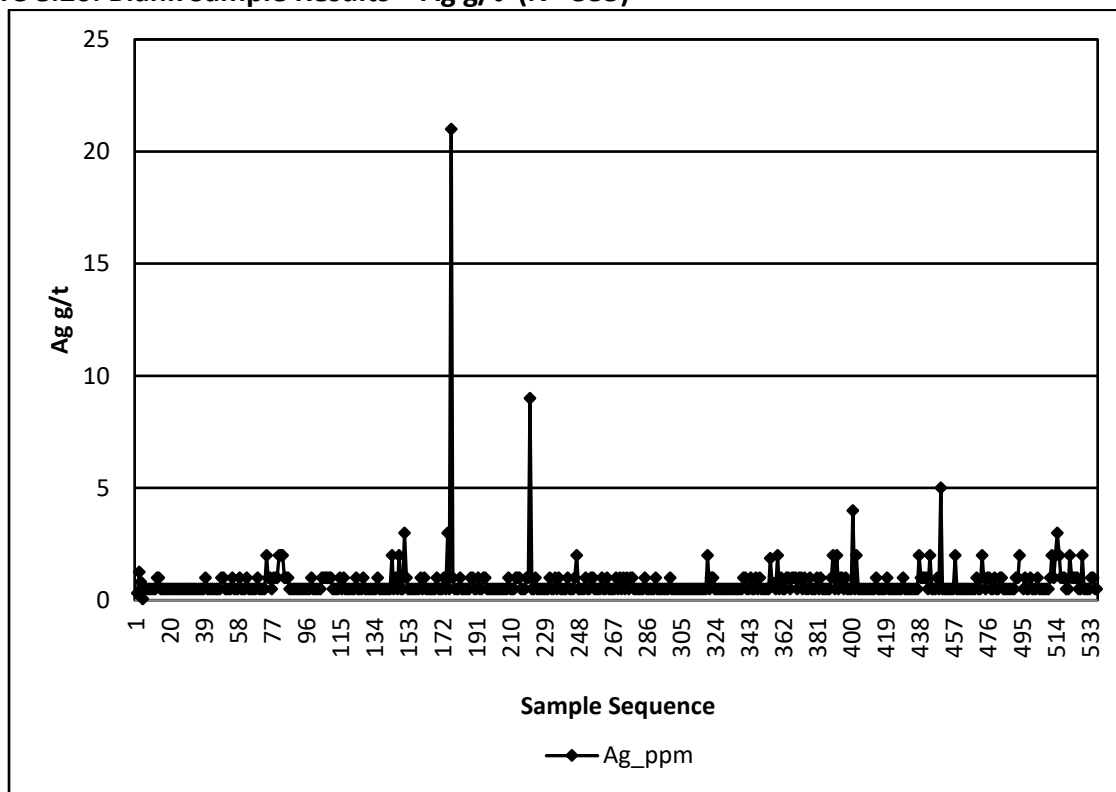


Figure 8.21: Blank Sample Results – Zn % (N= 535)

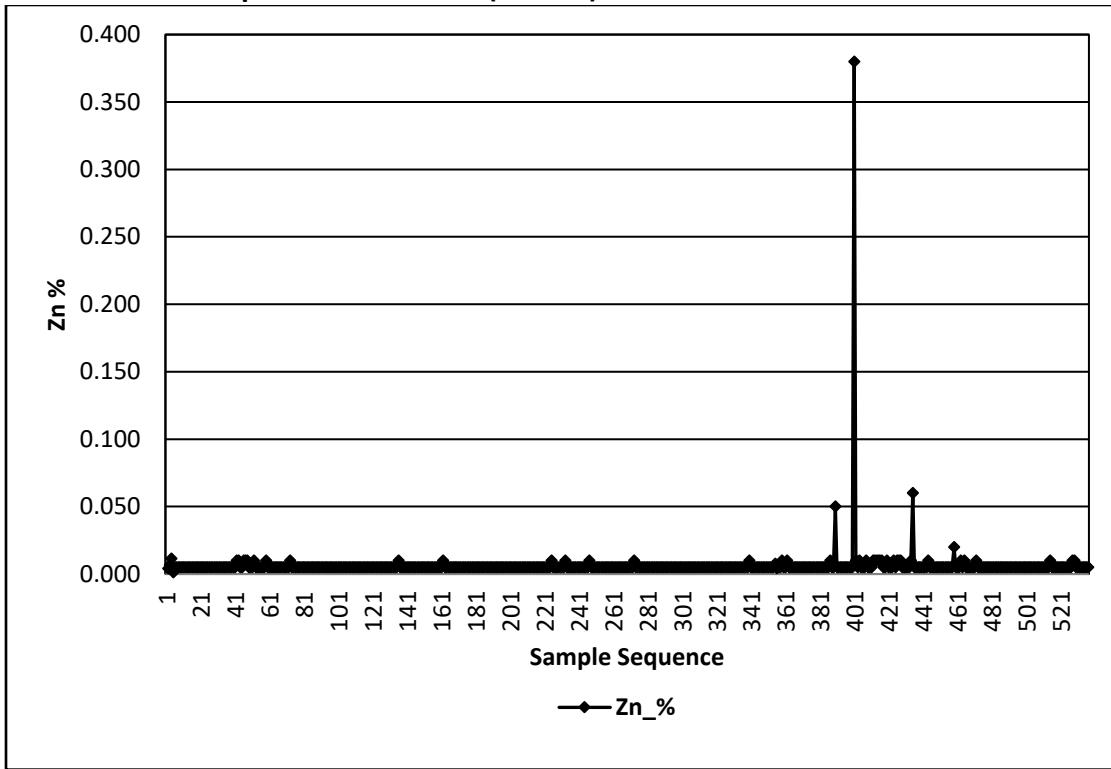
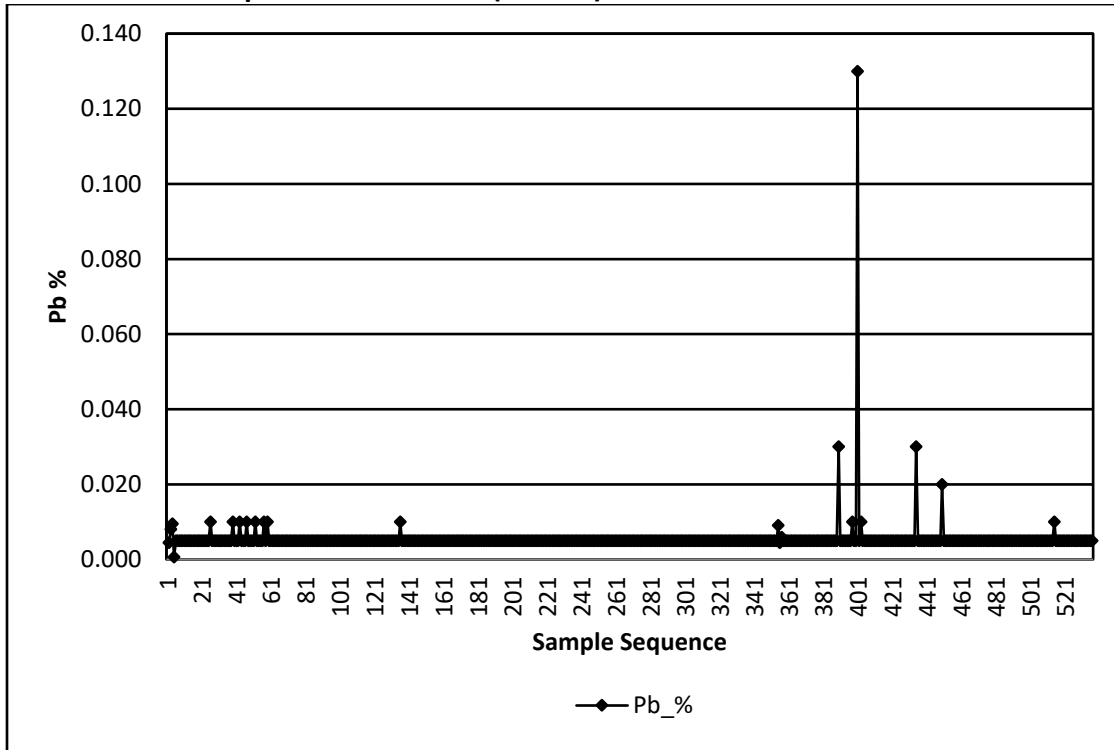


Figure 8.22: Blank Sample Results – Pb % (N= 535)



Report Authors Comment on Blank Sample Programs

Results of the blank sample program show consistently low variability levels and much of that seen may reflect sample collection and preparation stage influences that cannot be fully evaluated. The report authors recognize that use of field materials as blank samples without proper preparation and analytical testing was not an optimum approach for this aspect of a QAQC program. However, data have been interpreted as showing that no significant or systematic cross-contamination effects are present in the 2006 Paca data set.

Core Duplicate Split Program

In addition to scheduled analysis of duplicate splits of core sample pulps by the laboratories, Apogee carried out a program of quarter core sampling to check on sample variability and lab consistency during this report period. A total of 919 duplicate ¼ core samples were processed for the 2006 Paca drilling project and this represents an average insertion rate of approximately one in fourteen. The protocol was based on a one in fifteen insertion rate. Silver results are presented in Figure 8.23 and those for zinc and lead appear in Figures 8.24 and 8.25, respectively.

Figure 8.23: Duplicate ¼ Core Sample Results for Silver (N= 919)

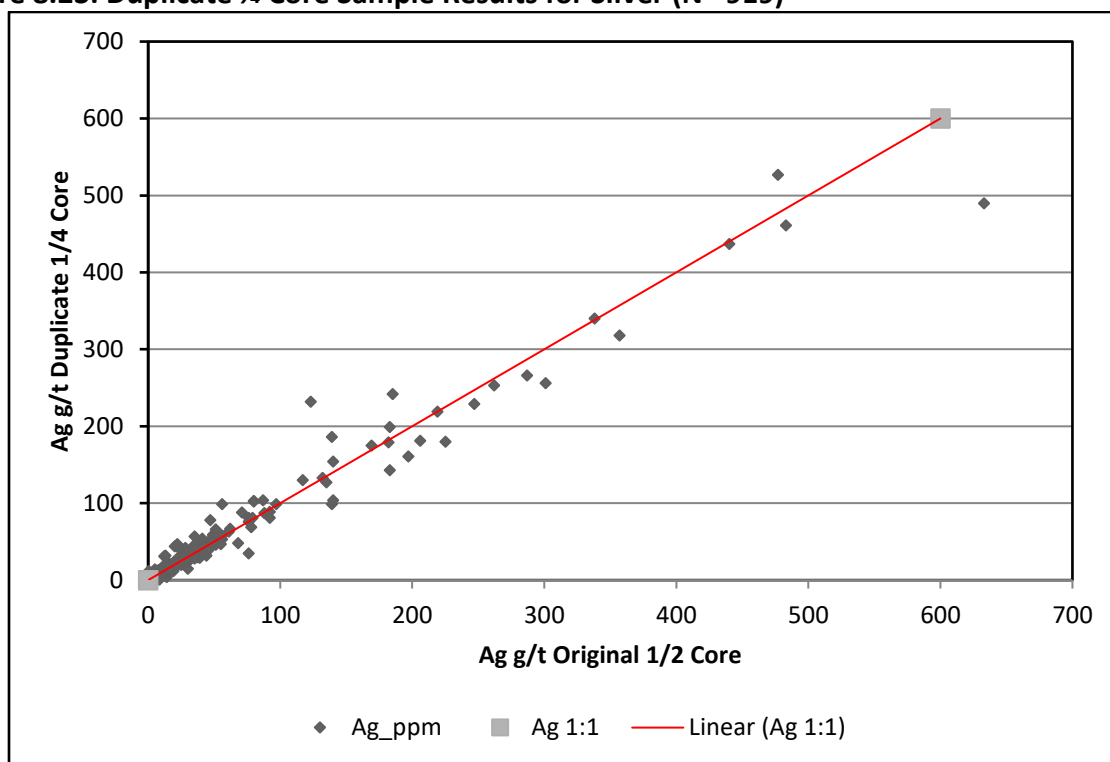


Figure 8.24: Duplicate 1/4 Core Sample Results for Zinc (N= 919)

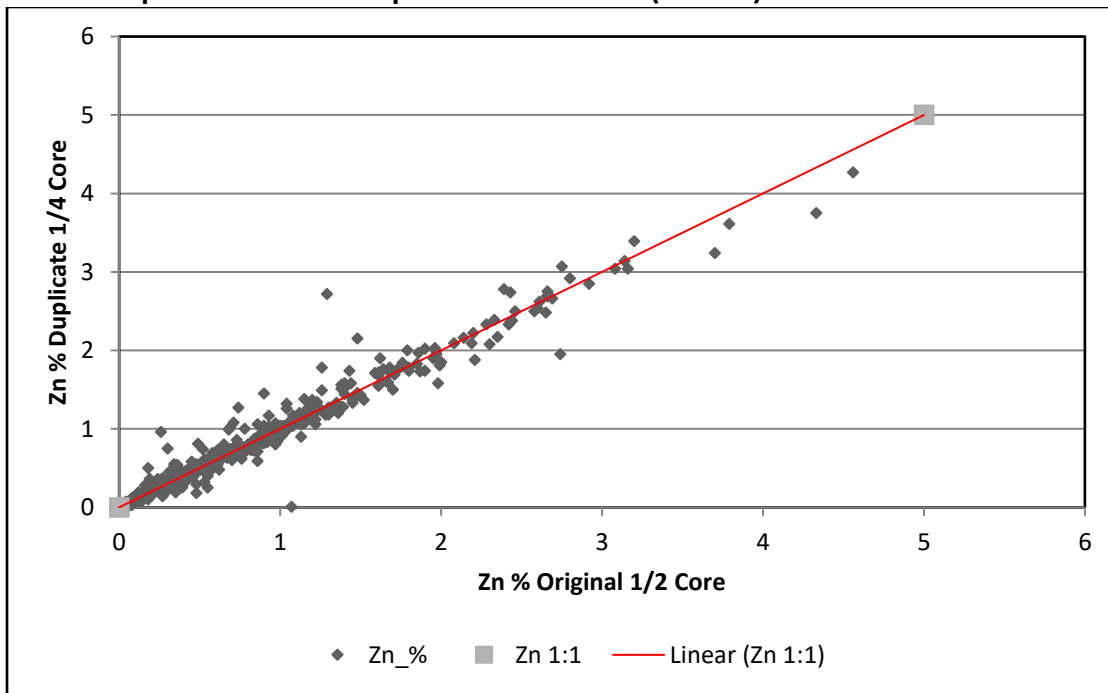
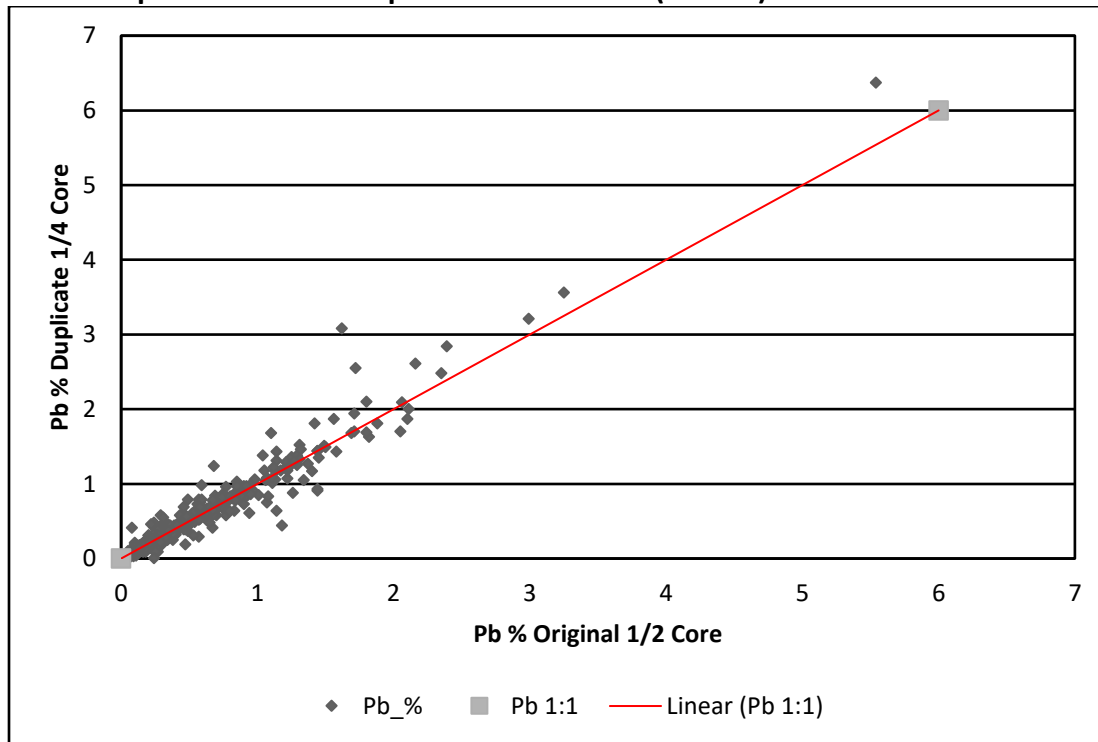


Figure 8.25: Duplicate 1/4 Core Sample Results for Lead (N= 919)



The ¼ core duplicate silver, zinc and lead data sets have correlation coefficients of 0.98, 0.99 and 0.97, respectively. Distributions in all cases group along their 1:1 correlation lines.

During 2010 to 2012 Apogee carried out a program of quarter core and half core sampling to check on sample variability and lab consistency during this report period. A total of 149 duplicate samples were processed by ALS in Lima, Peru, during the period, including 107 quarter core samples associated with drill holes PUD134 through PUD211A and 42 half core samples associated with drill holes PUD176 through PUD214.

Report Authors Comment on Core Duplicate Split Programs

The report authors are of the opinion that the Apogee ¼ core duplicate split program results show acceptable and systematic correlation between core sample pairs. This reflects various contributing factors, including core-scale heterogeneity of metal distribution and both preparation and analytical stage errors.

Pulp Split and Reject Duplicate Split Check Sample Programs

January 2010 to July 2011 Program

Apogee incorporated collection of third-party check samples through all drill programs, including the Phase IV exploration program initiated in January 2010, with prepared pulp splits and rejects selected from various holes for this purpose. In total, results from 442 data pairs were reviewed for this period and are presented in Figures 8.26, 8.27, and 8.28 for Ag, Pb and Zn, respectively. A high degree of correlation exists between sample pairs for all three metals and all show 0.999 correlation coefficients, with strong grouping along the 1:1 correlation trend. Analytical results included in the check sample program were determined at the ALS facility in La Serena, Chile and original project results were from the ALS facility in Lima, Peru. Since January of 2010, and starting at PUD 140, all second laboratory cross check analysis were carried out at SGS in Lima Peru.

July 2011 to January 2012 Program

The oxide zone diamond drilling program carried out between September 2011 and December 2011 and the oxide zone core re-sampling program carried out in January of 2012 included analysis of 523 check samples under the same protocols described above for the immediately preceding Apogee program. Figures 8.29, 8.30 and 8.31 present silver, lead and zinc results, respectively. As in the earlier program, a high degree of correlation exists between sample pairs for all three metals, these being 0.99 in each case, and distributions group closely along the 1:1 correlation trends.

Figure 8.26: Pulp Splits and Reject Duplicate Samples – Ag g/t (N=442)

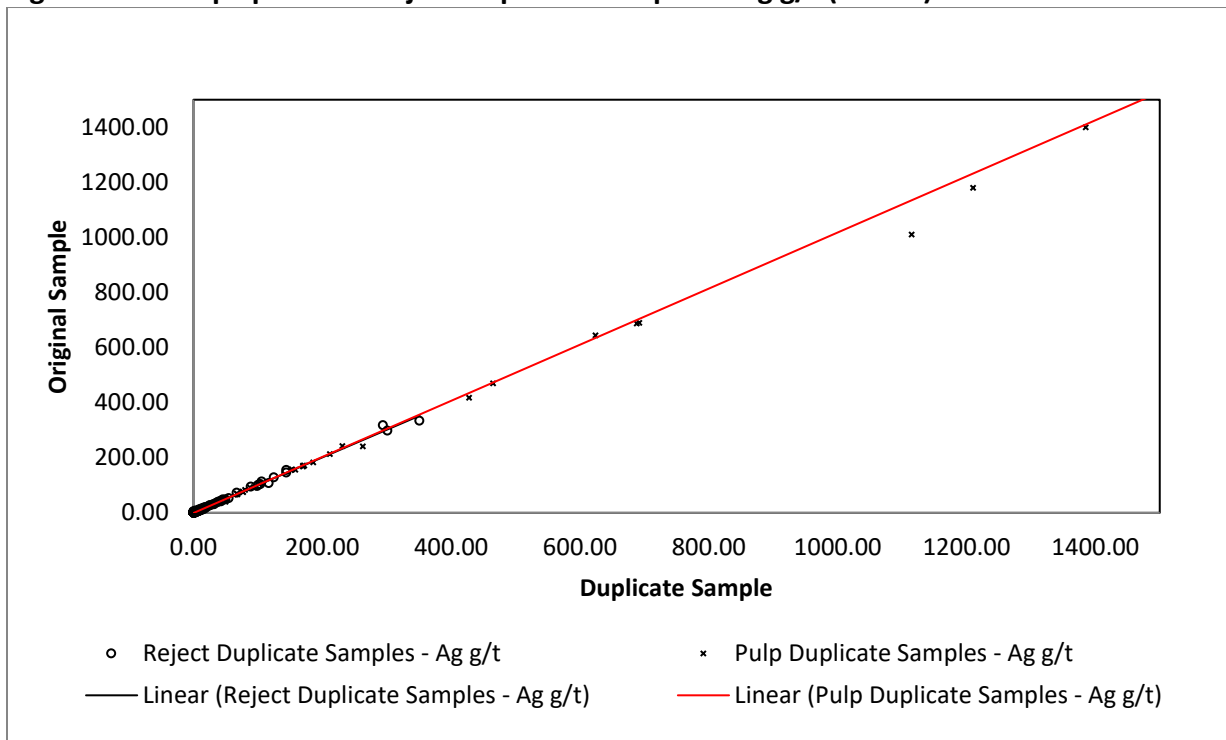


Figure 8.27: Pulp Splits and Reject Duplicate Samples - Pb % (N=442)

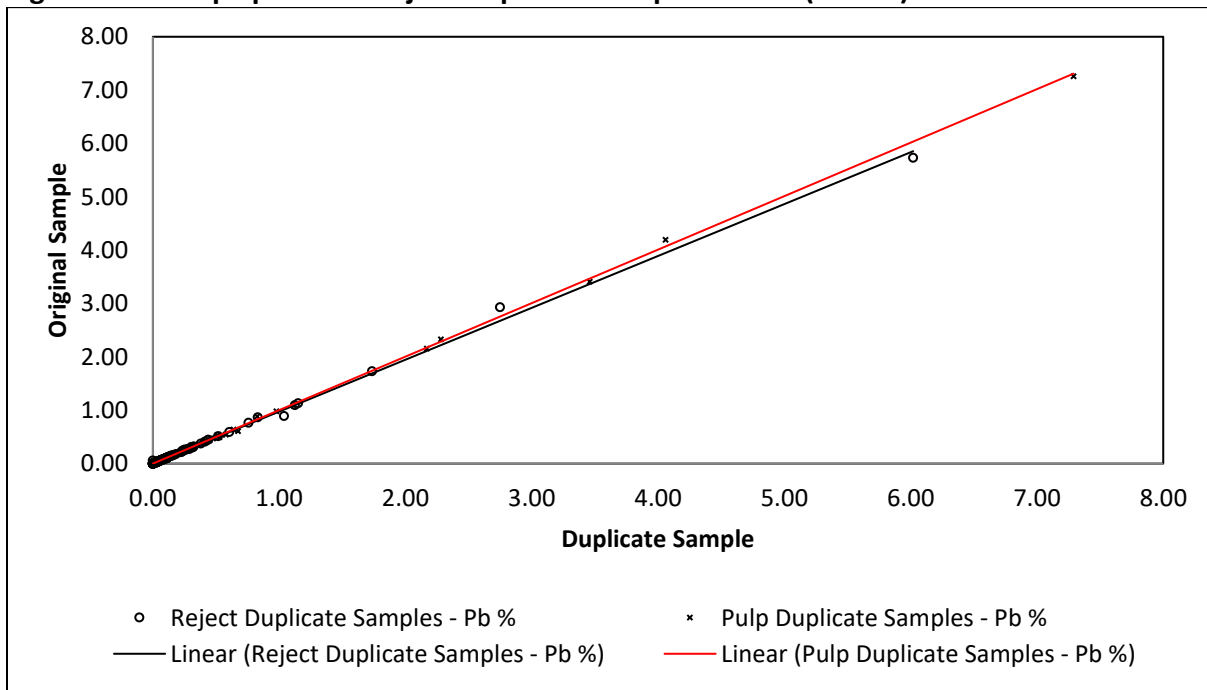


Figure 8.28: Pulp Splits and Reject Duplicate Samples – Zn % (N=442)

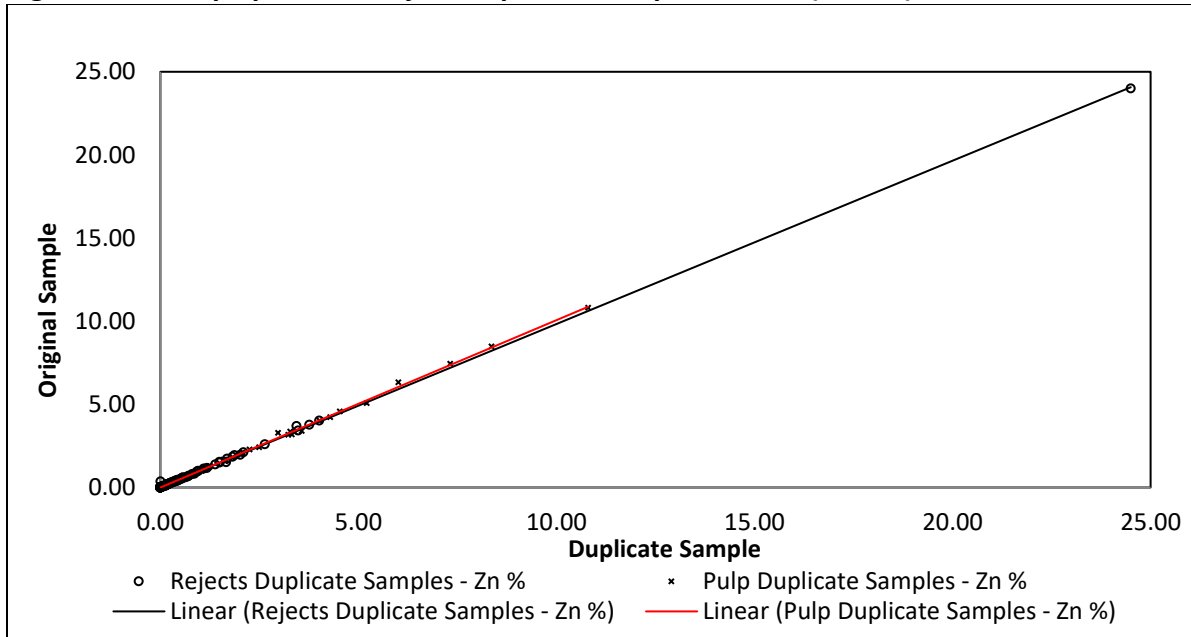


Figure 8.29: Pulp Splits and Reject Duplicate Samples – Ag g/t (N=523)

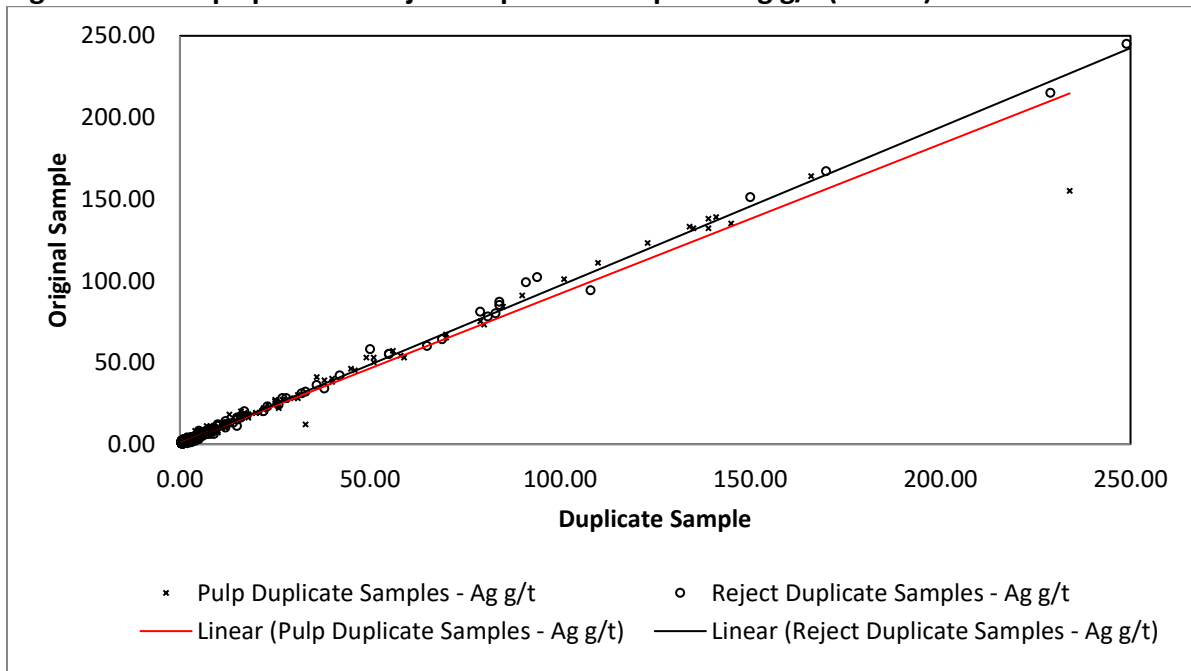


Figure 8.30: Pulp Splits and Reject Duplicate Samples – Pb % (N=523)

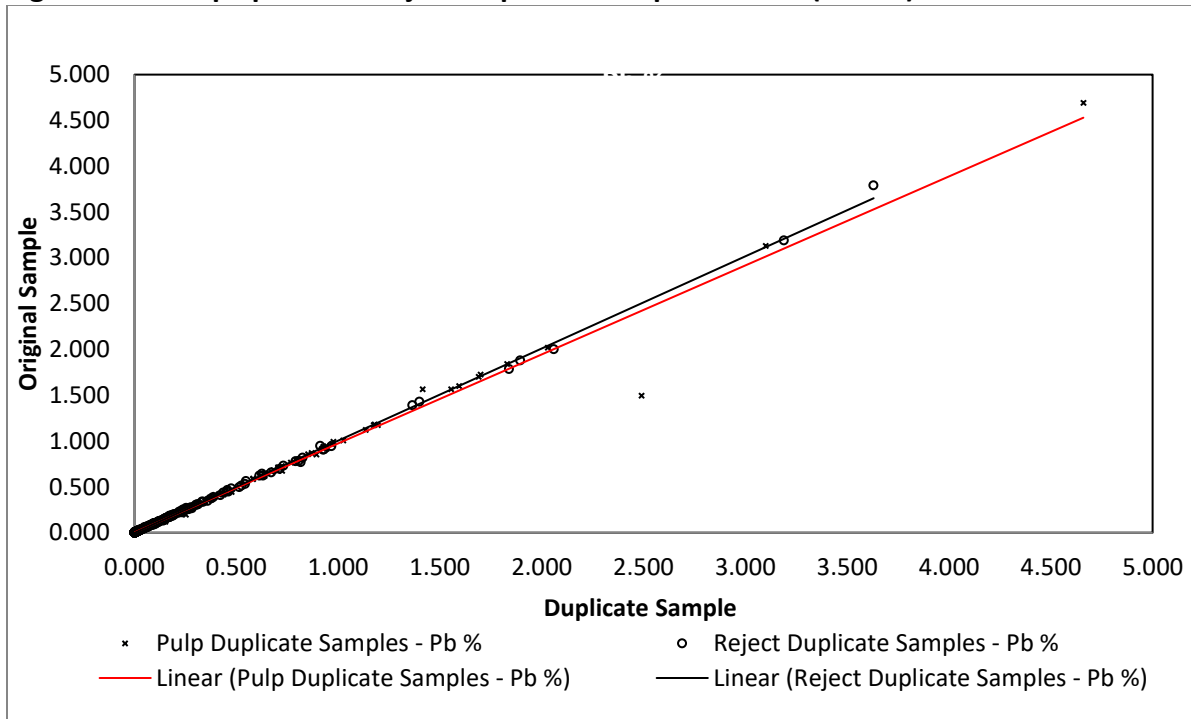
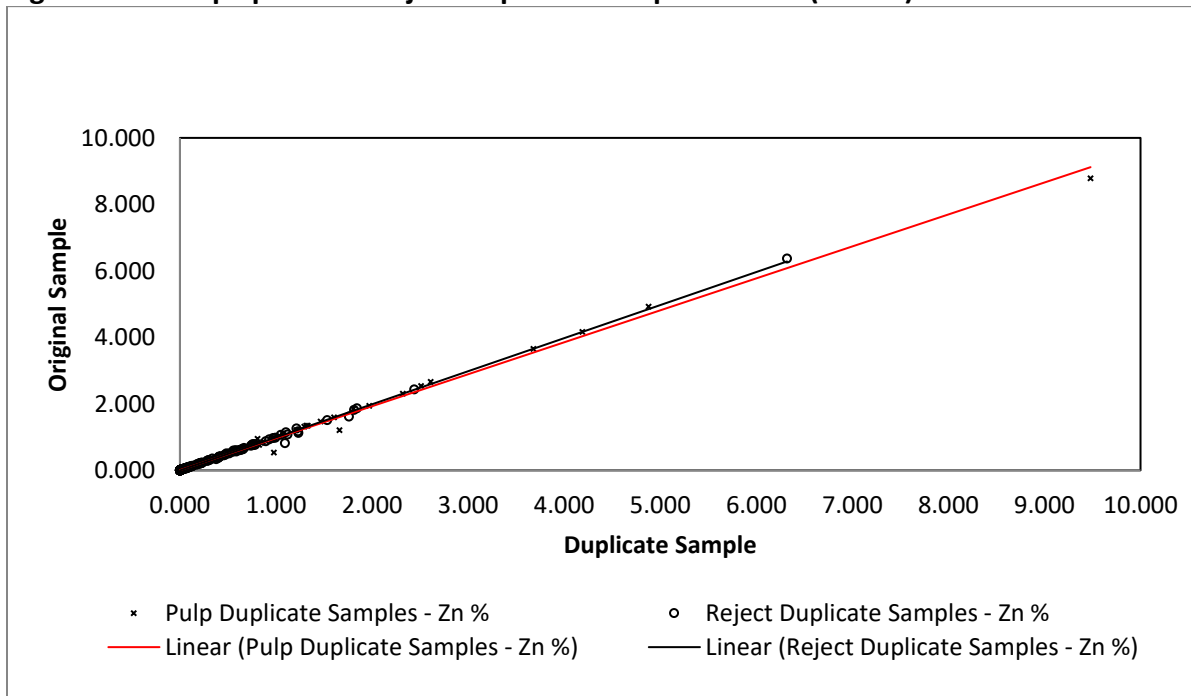


Figure 8.31: Pulp Splits and Reject Duplicate Samples – Zn% (N=523)



Report Authors Comment on Pulp Split and Reject Duplicate Split Check Sample Programs

The report authors are of the opinion that the Apogee pulp split and reject duplicate split check sample programs were sufficient and appropriate for a project of this size. Results are deemed acceptable and show that no systematic or problematic trends of inter-lab bias exist within the group of sample pairs analysed.

8.7.2 Apogee Drill Hole Twinning Program

Apogee twinned two ASC core holes for purposes of check sampling and lithologic comparison. Hole PND031 was drilled as a twin for PND008 and PND 032 was drilled as twin for PND003.

The report authors could not assess original ASC lithologic logs because copies of these are not currently available. However, database lithologic entries for the original holes are assumed to have been assigned from the original logs and these lithocodes were compared with those generated for the Apogee twin holes. In both cases, reasonable agreement is present between the two lithologic records and this suggests that an element of lithologic logging consistency is present between the ASC and Apogee datasets. Assay results for twinned hole pairs were also reviewed by the report authors in both cases. Metal values in PND003 and PND032 show reasonable spatial and magnitude correlation, while those in PND008 and PND031 show reasonable spatial correlation with generally lower metal levels being present for PND031 relative to PND008. In both cases, results define spatially correlative higher-grade portions of respective drill holes. Comparative analytical results for silver are presented in Figures 8.32 and 8.33 and illustrate the hole to hole correlation points noted. An explanation for lower silver levels in PND031 samples is not apparent in project reporting reviewed by Mercator.

Figure 8.32: Silver Comparison for Twin Drill Holes PND003 and PND032

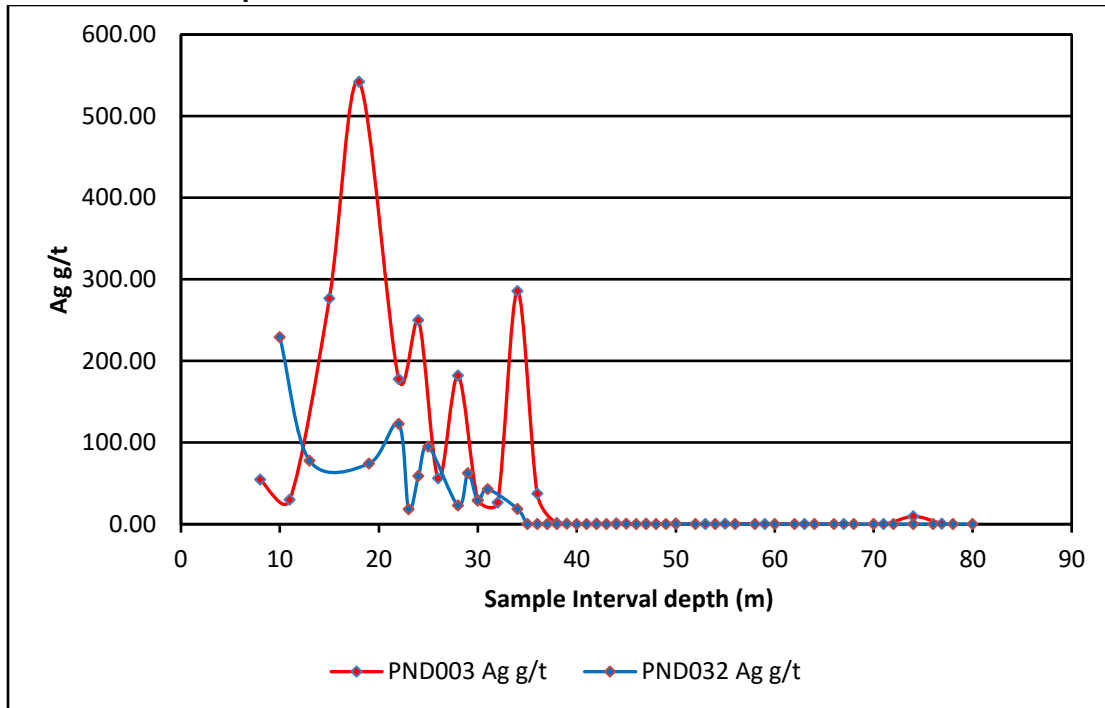
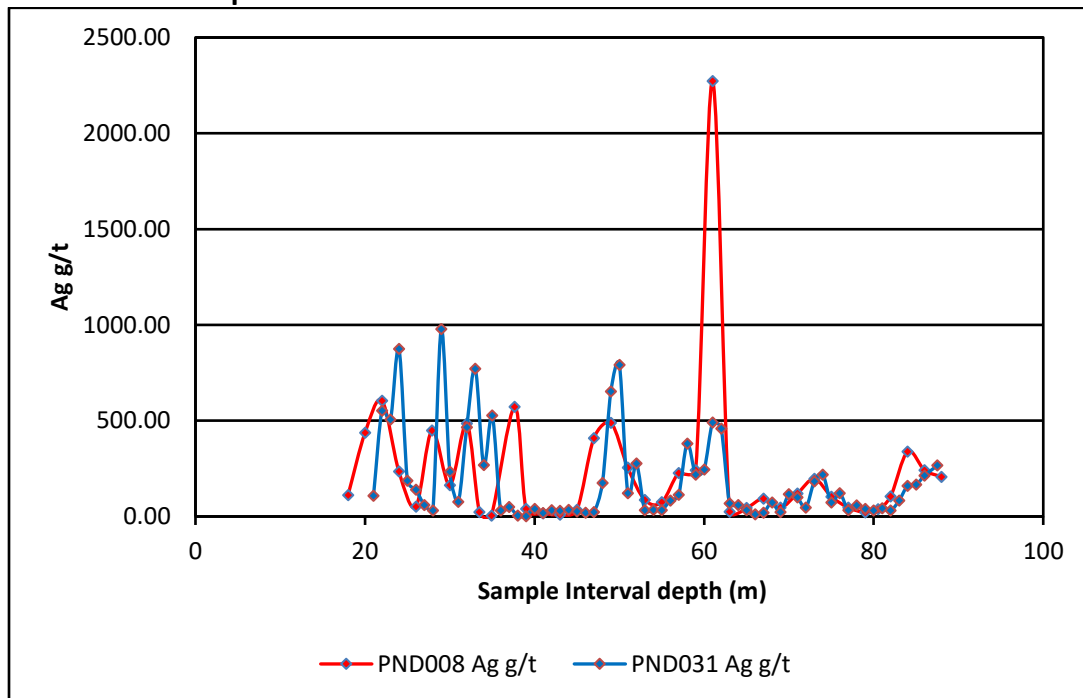


Figure 8.33: Silver Comparison for Twin Drill Holes PND008 and PND031



8.8 Silver Elephant Drilling Programs – 2019 to 2021

8.8.1 Certified Reference Material Program

Silver Elephant used two certified reference standards during the 2019 to 2021 drilling program. This first standard is PB132, obtained from WCM Minerals Ltd. of Burnaby, British Columbia, Canada. The second standard is CDN-ME-1705, obtained from CDN Resource Laboratories Ltd. The certified mean values for PB132 and CDN-ME-1705 are provided in Table 8.3. Reference samples were systematically inserted into the laboratory sample shipment sequence by Silver Elephant staff that ensured that at least one certified standard was submitted for every 60 samples sent to the laboratory. Records of reference standard insertion were maintained as part of the core sampling and logging protocols.

Table 8-3: Certified Reference Materials Data for 2019 to 2021 Period

Reference Material	Certified Mean Value		
	Ag g/t	Pb %	Zn %
PB132	2,668	2.79	2.56
CDN-ME-1705	78.3	0.058	0.712

Standard results for silver, lead and zinc are presented in Figures 8.34, 8.35 and 8.36, respectively. These figures include drill holes PUD267 – PUD284 from the Pulacayo deposit and PND107 – PND113 from the Paca deposit and are the most recent drill results included in the current mineral resource estimate. Pulacayo samples occur on the left-hand side of these figures with the sample number range of 2120 to 3840, whereas Paca samples occur on the right hand side of these figures with the sample number range of 2020 to 2460.

Silver values fall systematically below the certified reference value with the standard samples within the Paca sample stream being more negatively biased than the standard samples within the Pulacayo sample stream. The Paca stream standards returned silver values that averaged 187 g/t (or 7%) below the certified silver value whereas the Pulacayo stream standards returned silver values that averaged 118 g/t (or 4%) below the certified silver value for PB132. All of the Pulacayo stream standards have values within two standard deviations of the mean silver value, whereas only two of the Paca stream standards returned values within two standard deviations. The remaining five Paca standards returned values slightly below two standard deviations of the mean silver value for PB132. Lead values for both the Paca and Pulacayo samples fall within +3.5 % and -4.2 % of the certified mean lead value. The mean lead values returned for the Paca deposit samples (2.81 %) and Pulacayo deposit samples (2.80 %) are very close to the certified mean value for PB132 (2.79 %). Zinc values for both the Paca and Pulacayo samples fall within + 5.1 %

Figure 8.34: PB132 Sample Results for Silver (N= 35) 2019-2020 (PUD267-284 and PND107-113)

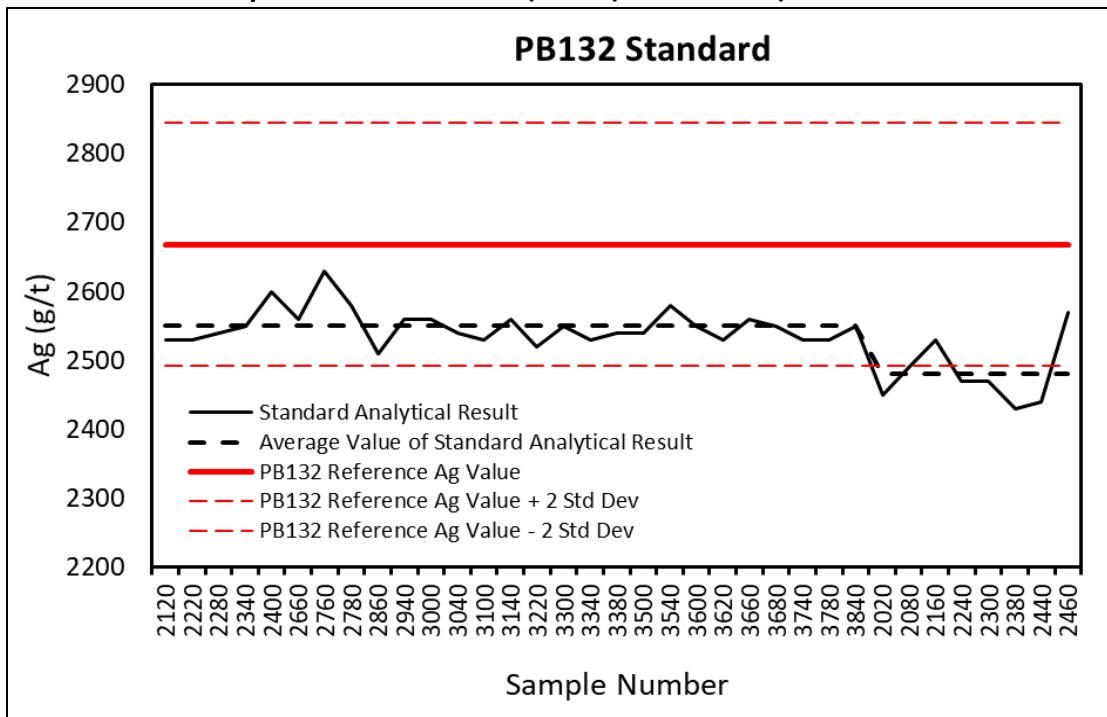


Figure 8.35: PB132 Sample Results for Lead (N= 35) 2019-2020 (PUD267-284 and PND107-113)

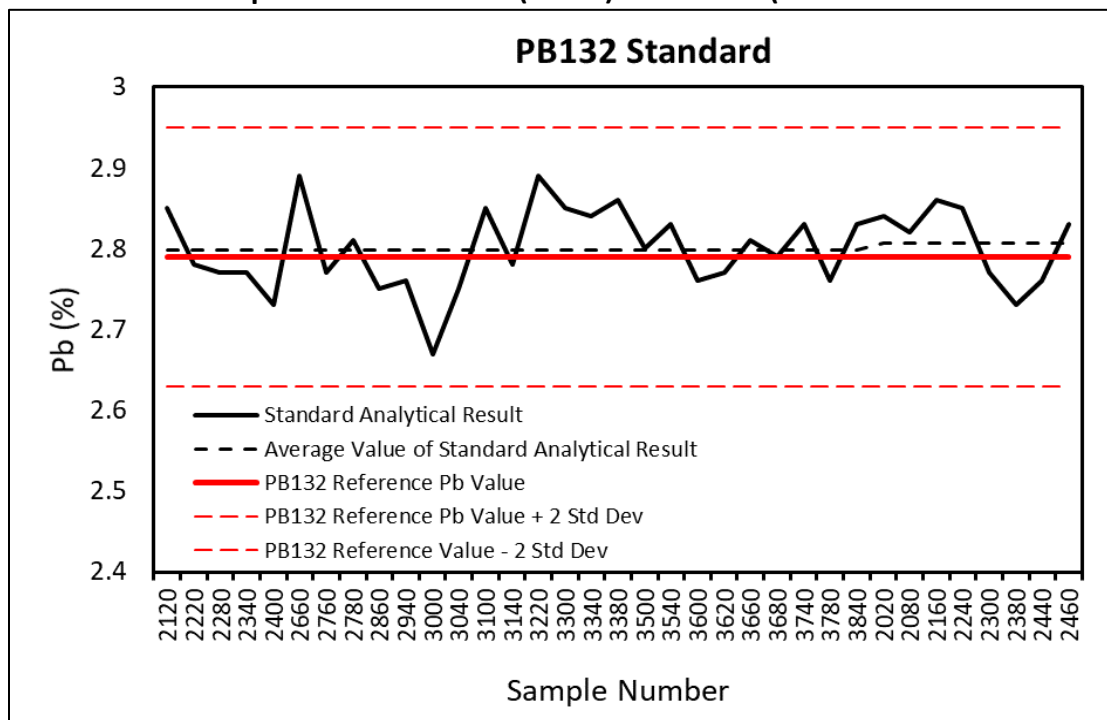
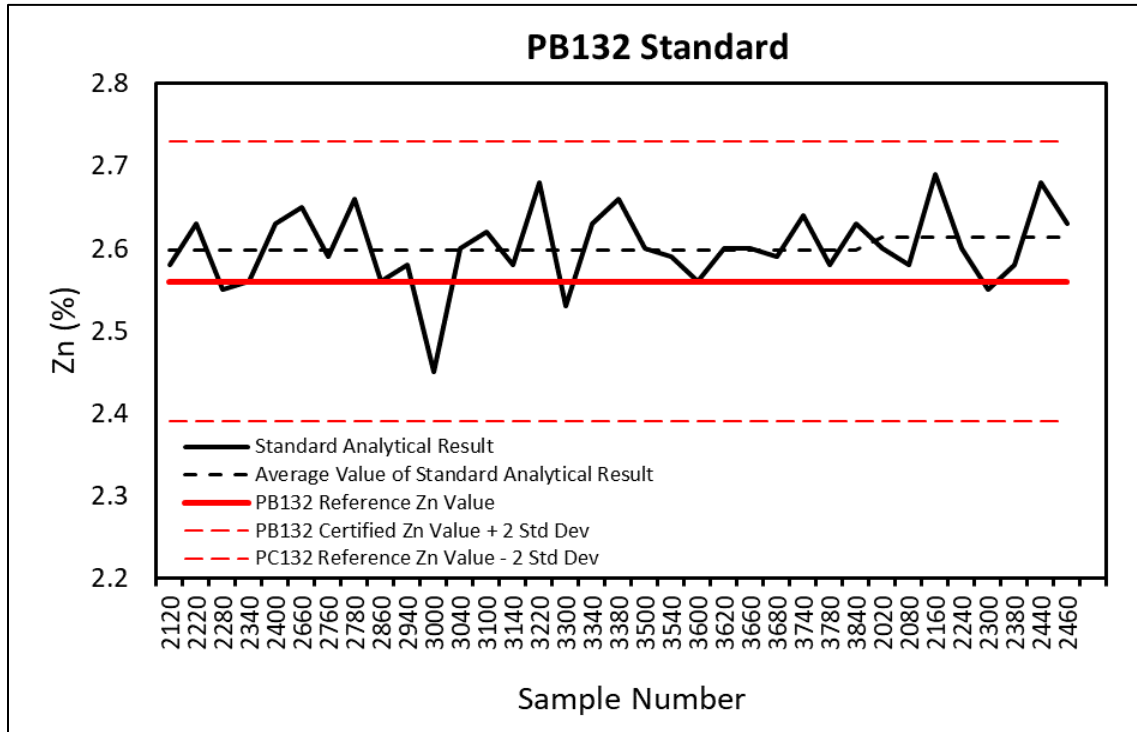


Figure 8.36: PB132 Sample Results for Zinc (N= 35) 2019-2020 (PUD267-284 and PND107-113)



and - 4.3 % of the certified mean value for PB132 but are systematically elevated slightly above the certified reference value. The mean returned zinc values of 2.60 % for Pulacayo and 2.61 % for Paca are slightly above the certified mean value of 2.56 % for PB132. Only four submitted standards returned values below the certified mean value for PB132.

Certified standard results for silver, lead and zinc are presented below for samples collected during the Paca (PND114 to PND126) and Pulacayo (PUD285 to PUD294) drilling programs completed in mid-2020 to 2021 and not included in the 2020 mineral resource estimates. The Pulacayo standard results from mid-2020 to 2021 are shown in Figures 8.37 to 8.39 and the Paca standard results from mid 2020 to 2021 are shown in Figures 8.40 to 8.45. The results generally indicate acceptable results within two standard deviations of the recommended value with minor outliers in the lead results, especially with certified standard CDN-ME-1705. There is no specific reason for this discrepancy in lead results compared to the certified result, but the report authors recommend Silver Elephant continue to monitor the results using this certified standard and re-run pulps or samples if this continues to be an issue.

Figure 8.37: CDN-ME-1705 Sample Results for Silver (mid 2020-2021, PUD285-294)

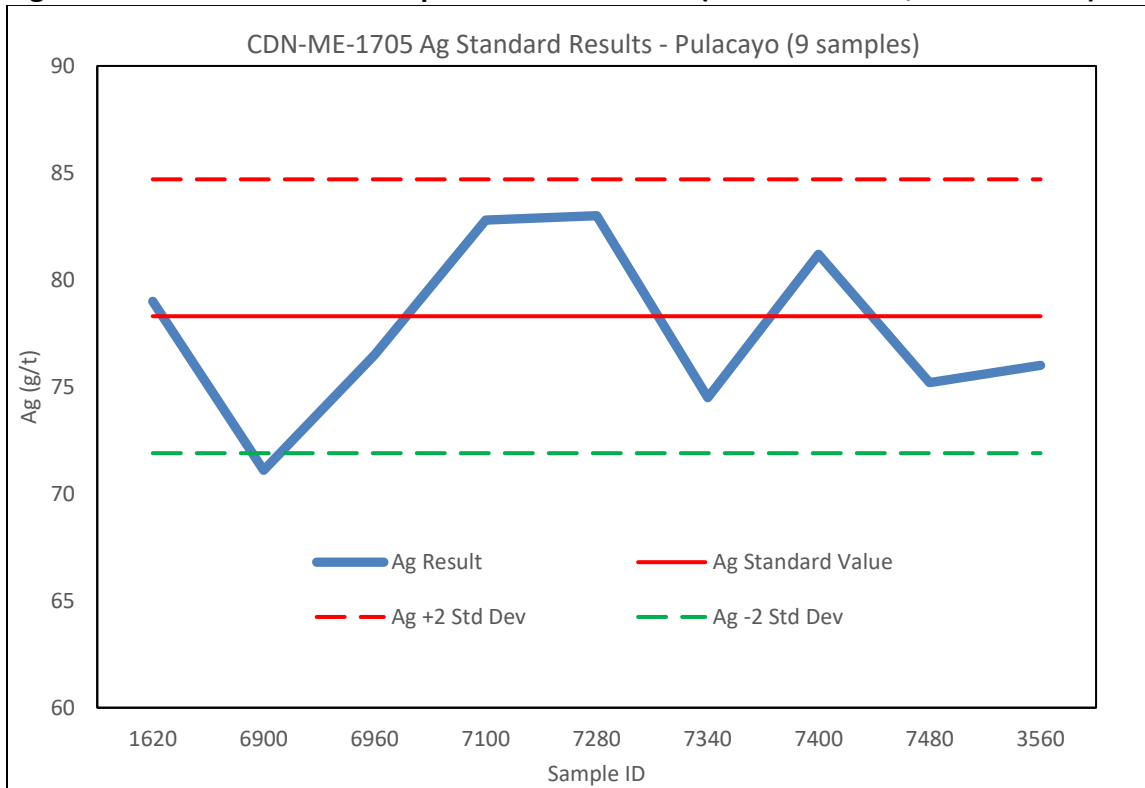


Figure 8.38: CDN-ME-1705 Sample Results for Lead (mid 2020-2021, PUD285-294)

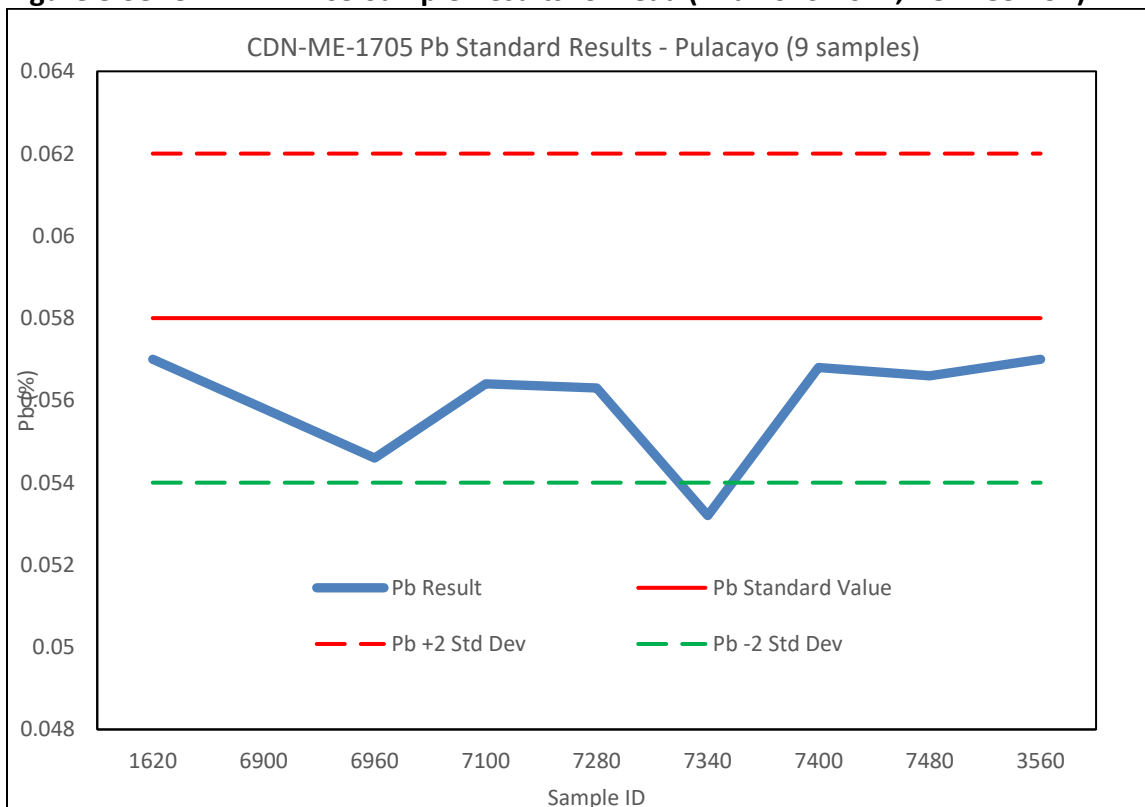


Figure 8.39: CDN-ME-1705 Sample Results for Zinc (mid 2020-2021, PUD285-294)

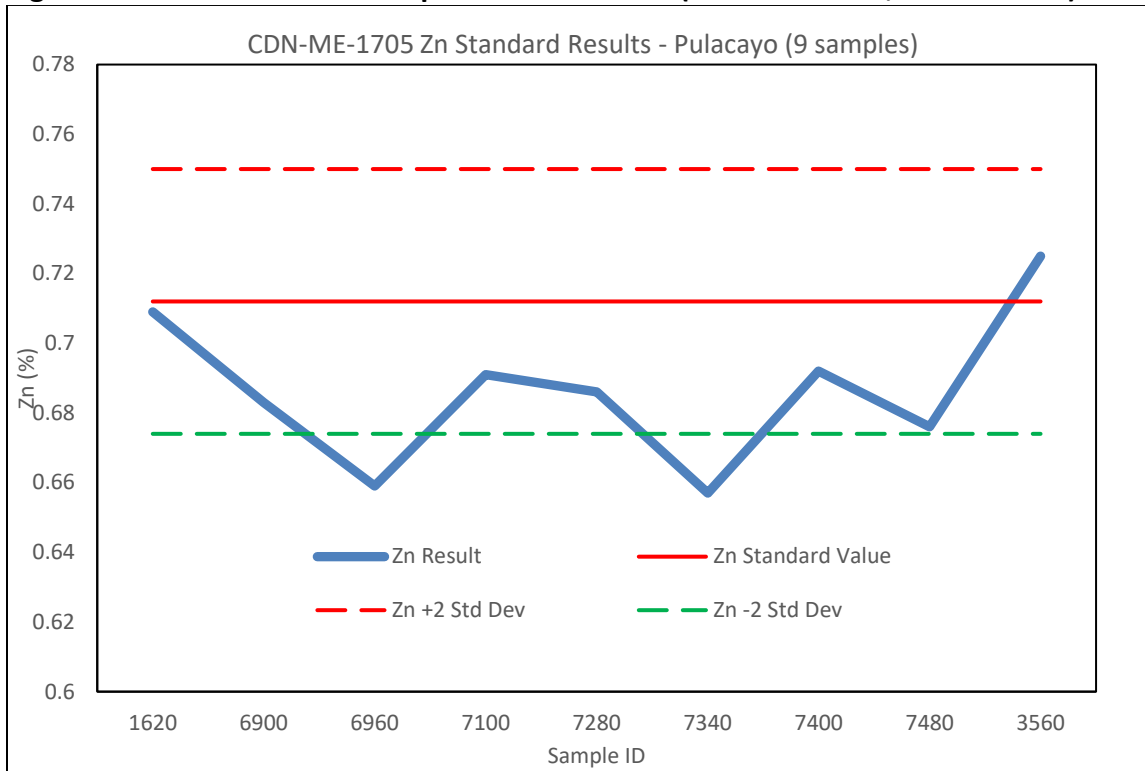


Figure 8.40: PB132 Sample Results for Silver (mid 2020-2021, PND114-126)

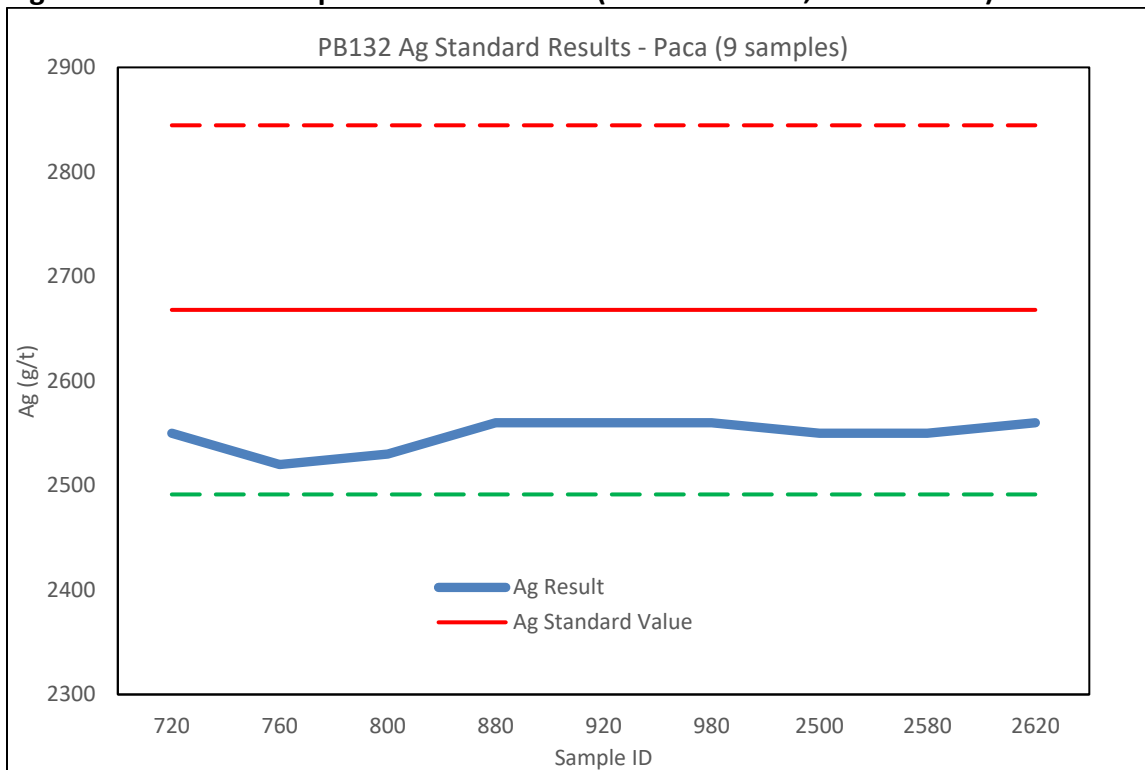


Figure 8.41: PB132 Sample Results for Lead (mid 2020-2021, PND114-126)

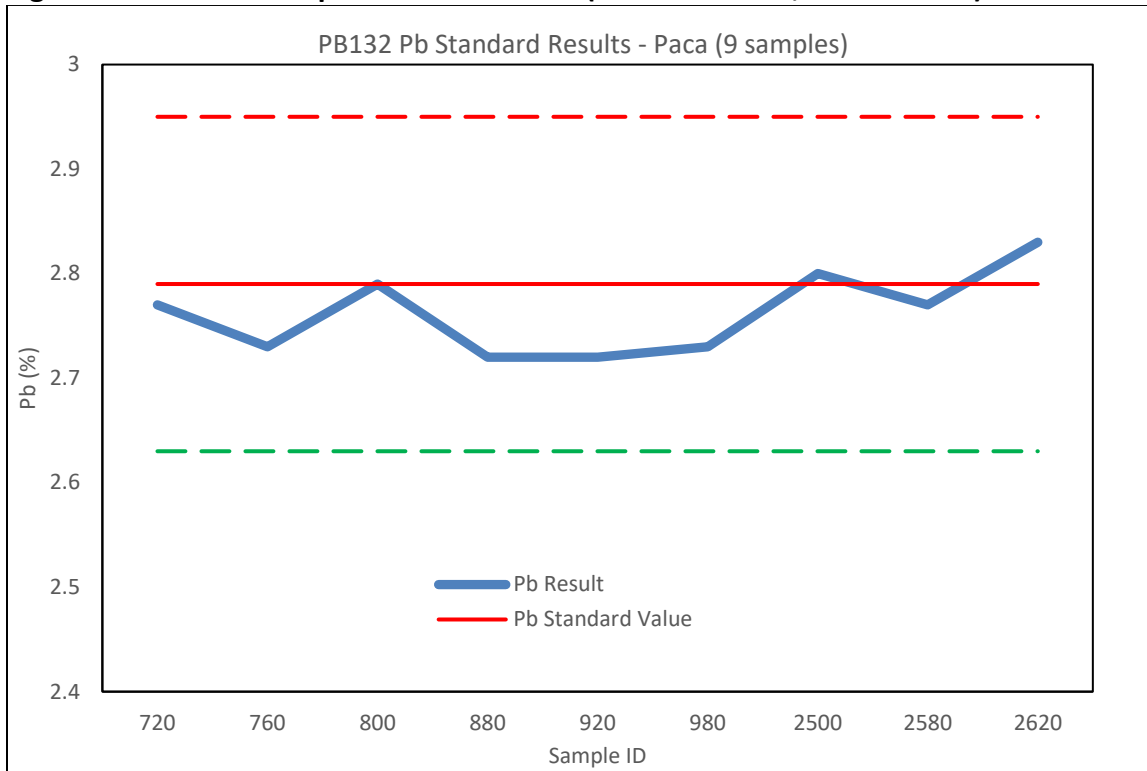


Figure 8.42: PB132 Sample Results for Zinc (mid 2020-2021, PND114-126)

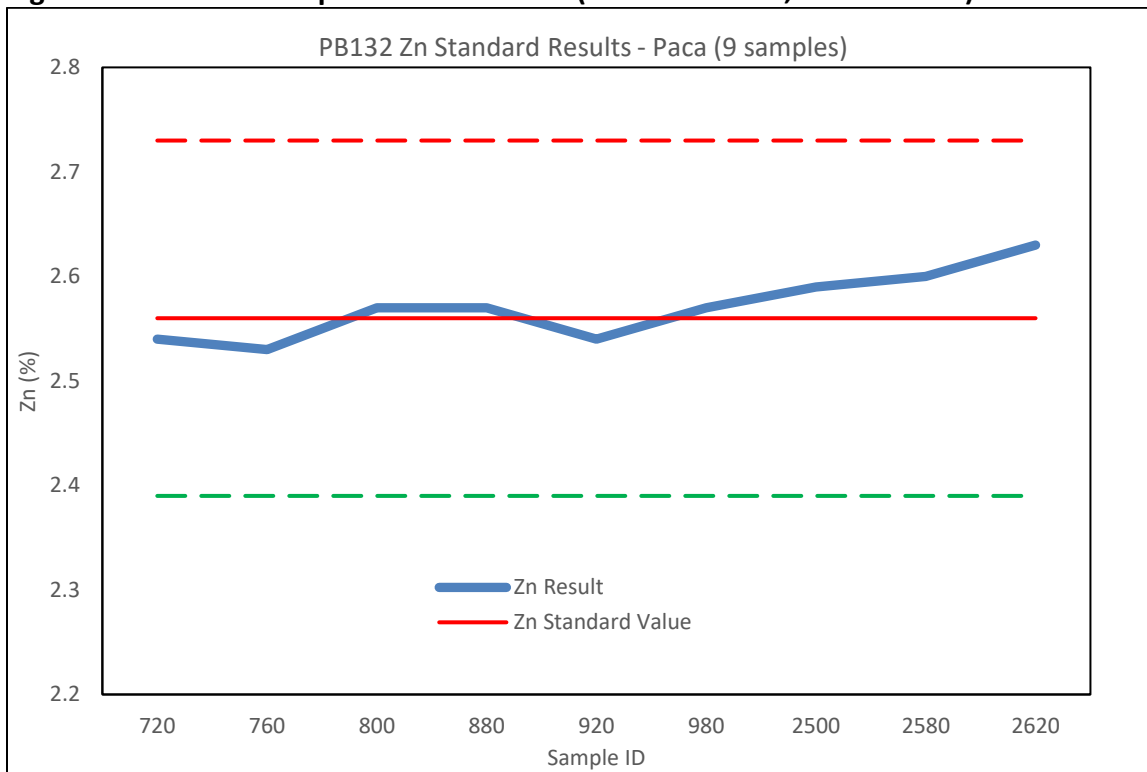


Figure 8.43: CDN-ME-1705 Sample Results for Silver (mid 2020-2021, PND114-126)

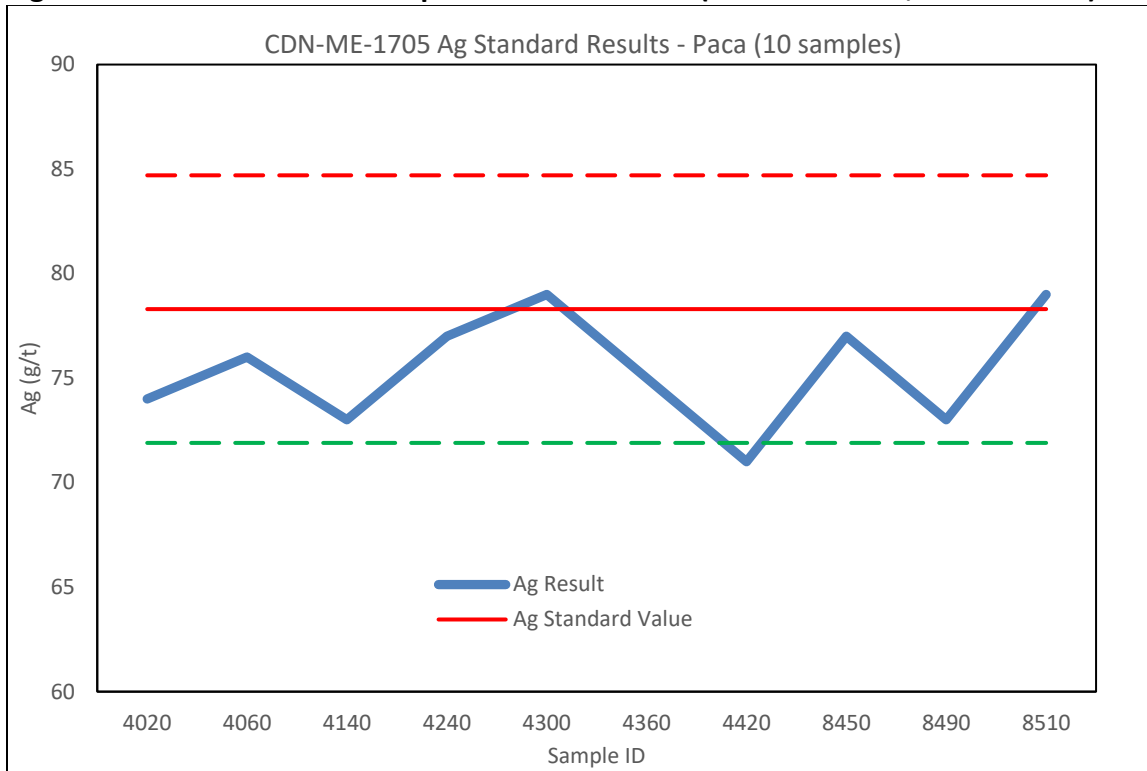


Figure 8.44: CDN-ME-1705 Sample Results for Lead (mid 2020-2021, PND114-126)

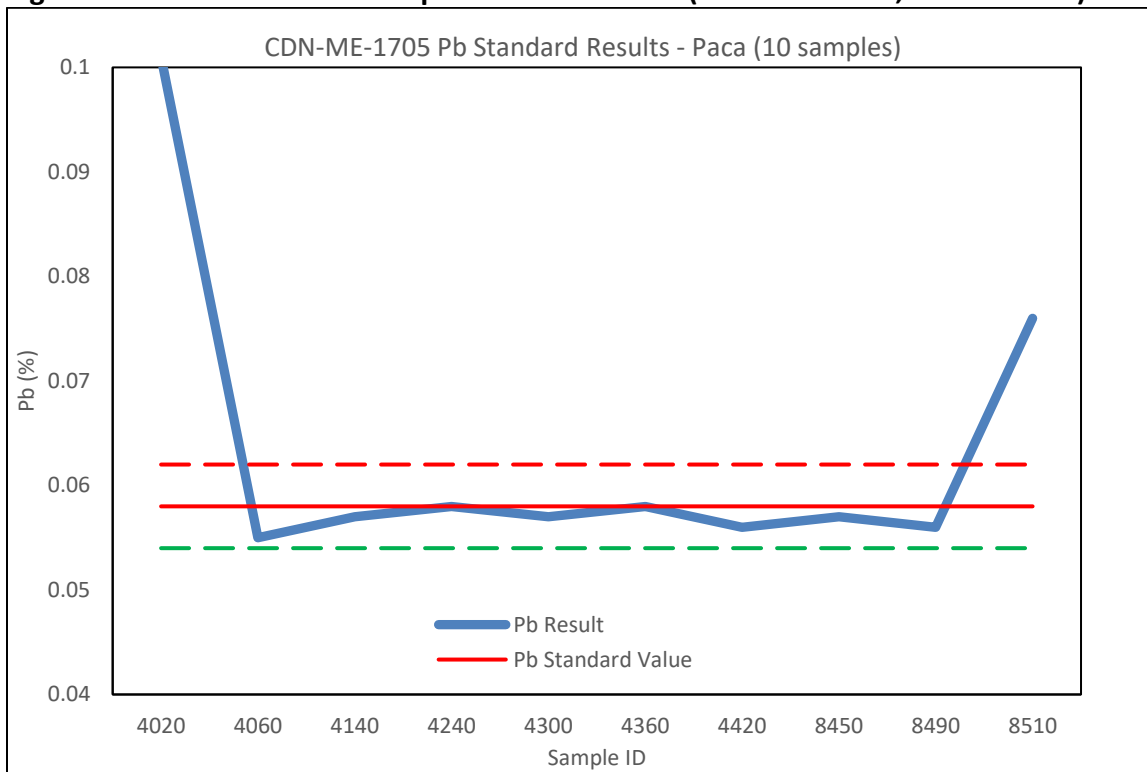
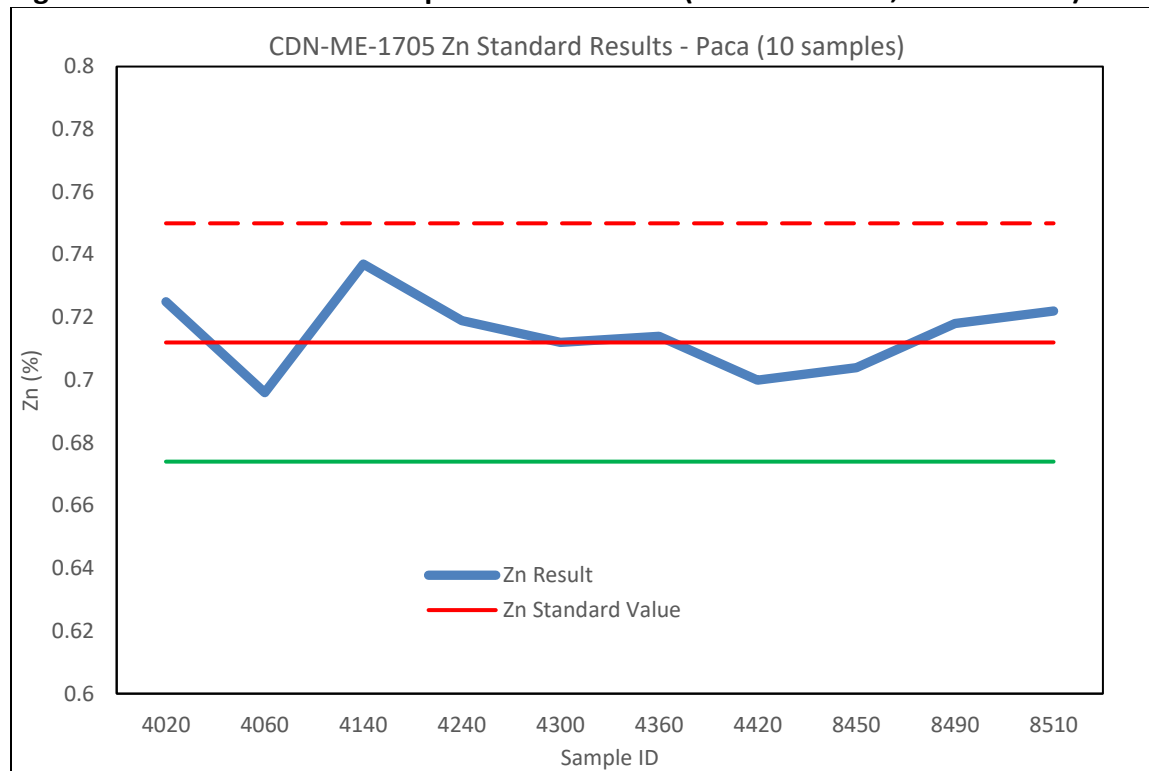


Figure 8.45: CDN-ME-1705 Sample Results for Zinc (mid 2020-2021, PND114-126)



8.8.2 Blank Sample Program 2019-2021

Blank samples were systematically inserted into the laboratory sample stream by Silver Elephant staff during the 2019 to 2021 Paca and Pulacayo drilling programs. It is assumed that the same blank material was used for the Pulacayo and Paca programs, but this was not confirmed by the report authors. A total of 34 blank samples were submitted for analysis and reviewed for the 2019-early 2020 drill holes included in the 2020 mineral resource estimates. This includes drill holes PUD267 – PUD284 from the Pulacayo deposit and PND107 – PND113 from the Paca deposit. Additional blank samples were submitted for analysis from the mid 2020 to 2021 drilling programs (post-mineral resource estimate) at Pulacayo and Paca and results are indicated below. This includes drill holes PUD285 – PUD294 from the Pulacayo deposit and PND114 – PND126 from the Paca deposit.

Blank material samples were systematically inserted into the laboratory sample shipment sequence by Silver Elephant staff that ensured that at least one standard and one blank were submitted for every 60 samples. Figures 8.46 to 8.48 present respective chronologically sequenced data for drill holes PUD267-284 and PND107-113, with blank samples within the Pulacayo sample sequence occurring on the left hand side of the figure with a sample number range of 2160 to 3800 and the Paca sample sequence occurring on the right side of the figure

with a sample numbers range of 2033 to 2520. All blank samples returned silver values less than or equal to 2 g/t, lead values less than or equal to 0.011 % and zinc values less than or equal to 0.023 %. Overall, a higher lead and zinc background level is reflected in the Paca sample stream than is seen in the Pulacayo sample stream with no obvious explanation for the difference. Blank samples from the Paca sample stream have a mean lead value of 0.005 % and mean zinc value of 0.010 % whereas blank samples from the Pulacayo sample stream have a mean lead value of 0.001 % and zinc value of 0.003. A slightly higher silver background level is observed for the Paca blank samples (0.79 g/t) than the Pulacayo samples (0.60 g/t).

Figures 8.49 to 8.44 present respective chronologically sequenced blank data for drill holes PUD285-PUD294 and PND114-126. All blank samples returned silver values less than or equal to 1 g/t, lead values less than or equal to 0.016 % and zinc values less than or equal to 0.005 %. Overall, a higher, silver, lead and zinc background level is reflected in the Paca sample stream than is seen in the Pulacayo sample stream with no obvious explanation for the difference. Mean values for all datasets are, however, within acceptable levels and no outliers are present.

Overall, the background levels for Ag, Pb and Zn are very low and do not indicate that substantive cross contamination effects are present in the data set. However, the report authors recommend that further investigation of the high background effects the Paca datasets noted above should be carried out.

Figure 8.46: Blank Sample Results for Silver (N= 34) 2019-2020 (PUD267-284 and PND107-113)

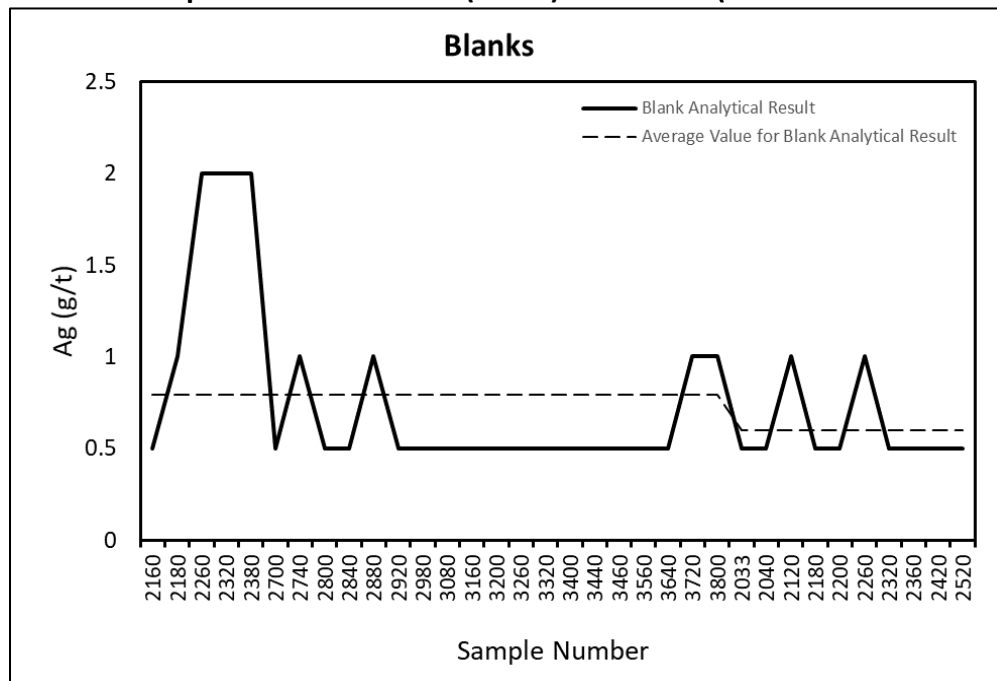


Figure 8.47: Blank Sample Results for Lead (N= 34) 2019-2020 (PUD267-284 and PND107-113)

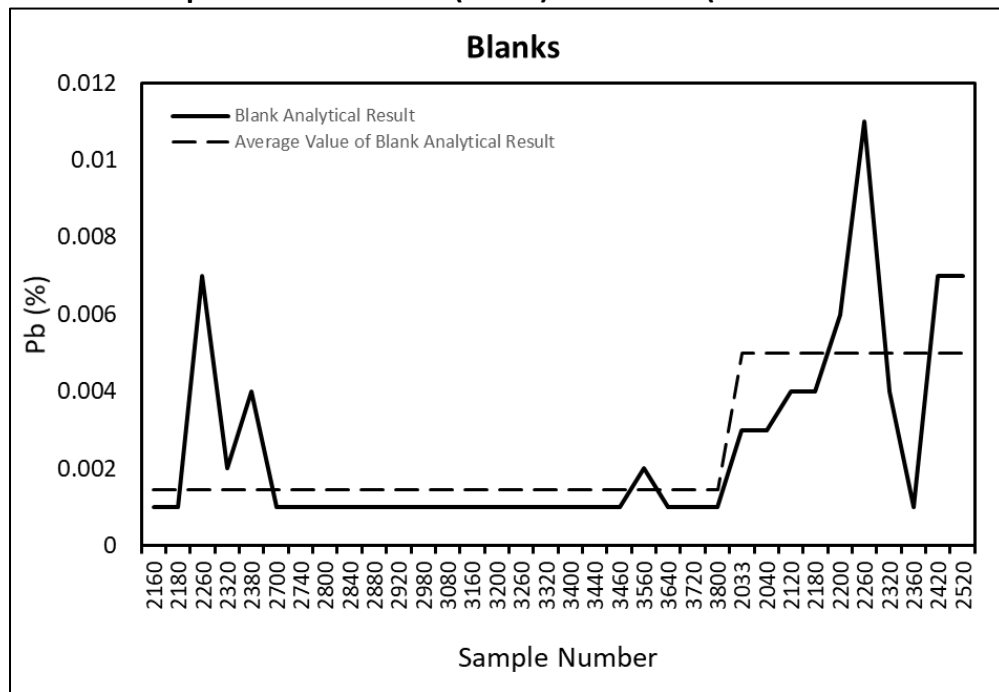


Figure 8.48: Blank Sample Results for Zinc (N= 34) 2019-2020 (PUD267-284 and PND107-113)

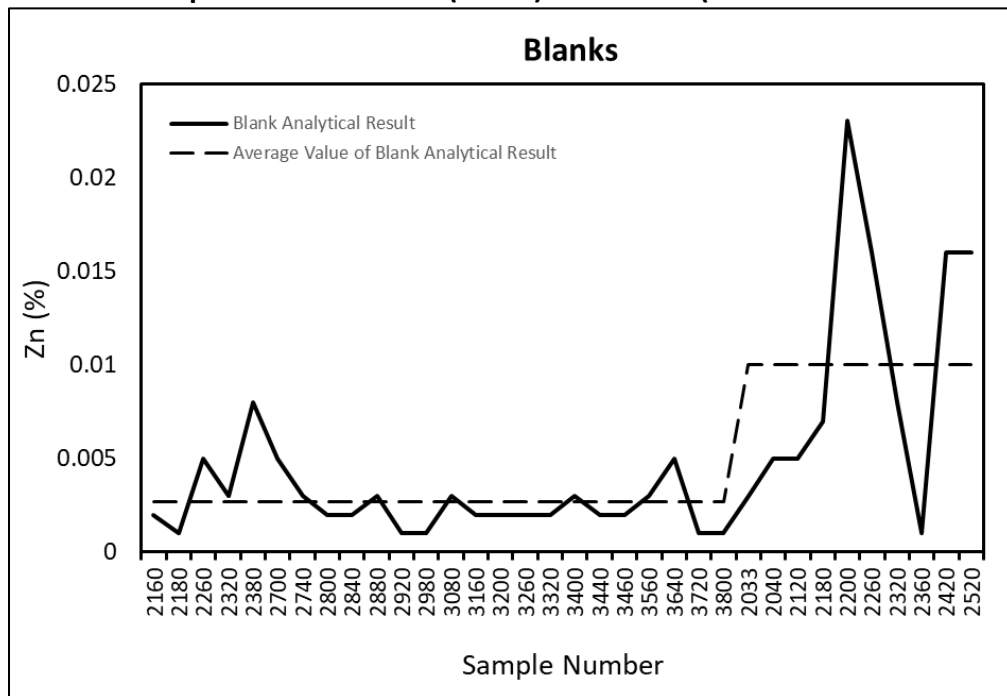


Figure 8.49: Blank Sample Results for Silver - Pulacayo (mid-2020 to 2021, PUD285-294)

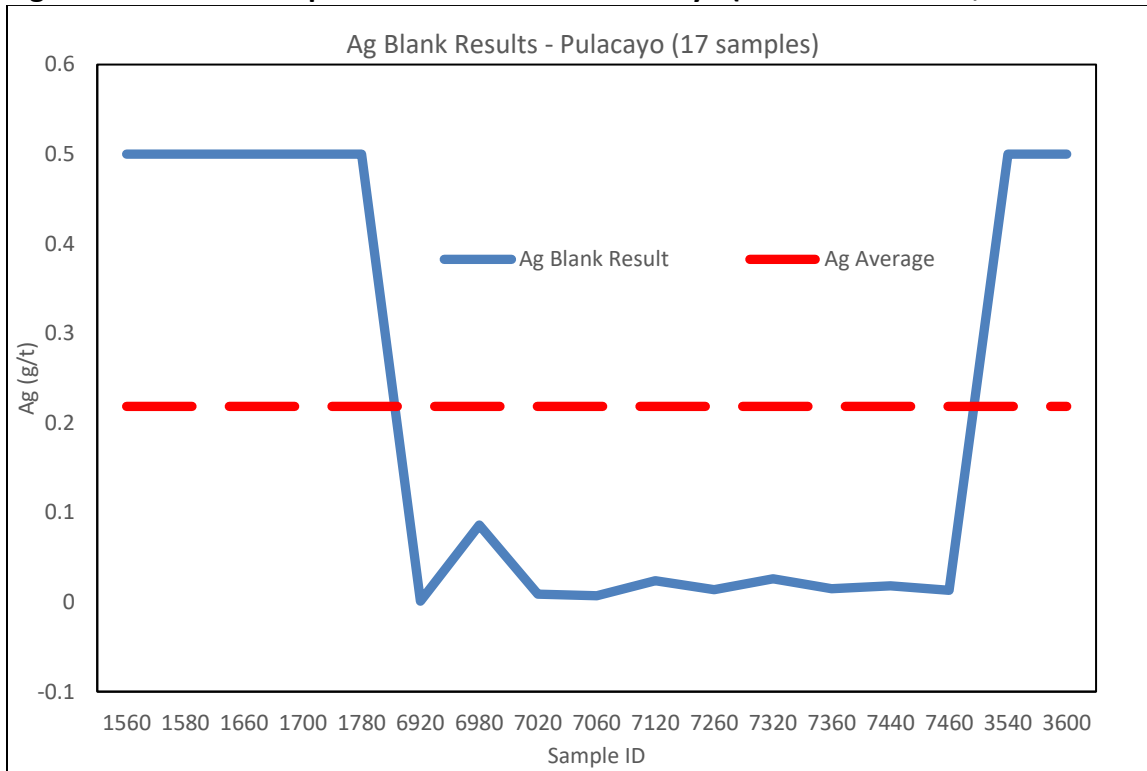


Figure 8.50: Blank Sample Results for Lead - Pulacayo (mid-2020 to 2021, PUD285-294)

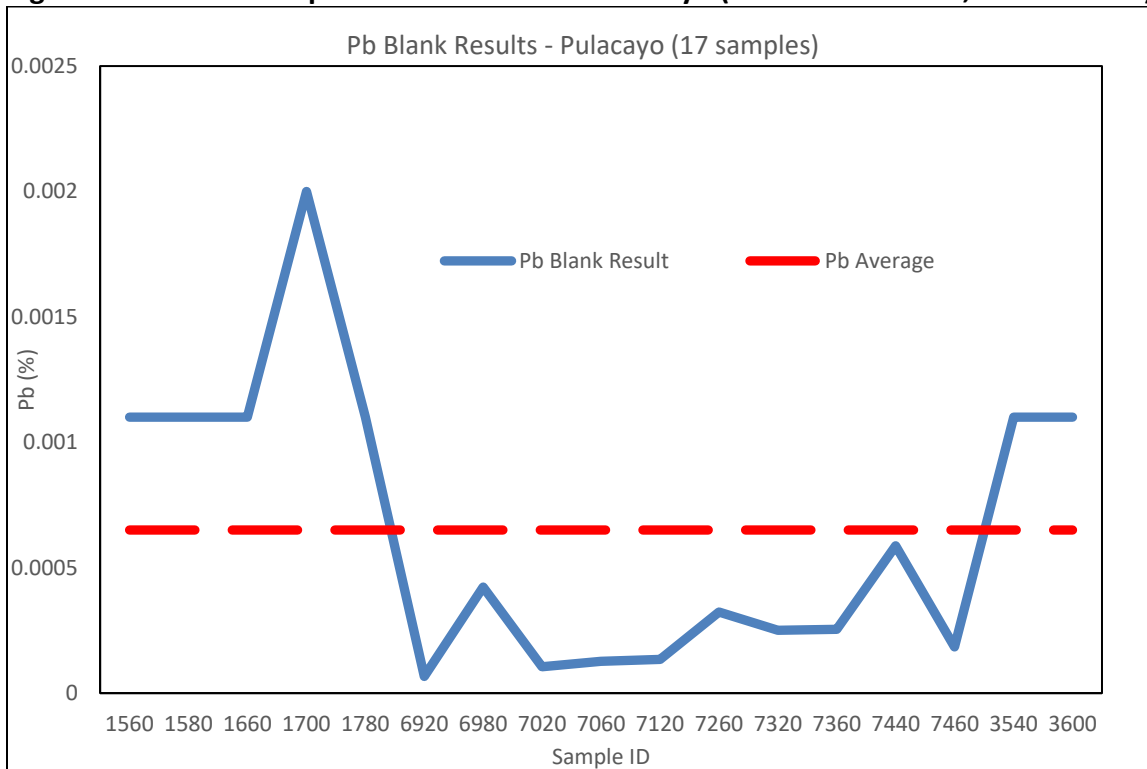


Figure 8.51: Blank Sample Results for Zinc - Pulacayo (mid-2020 to 2021, PUD285-294)

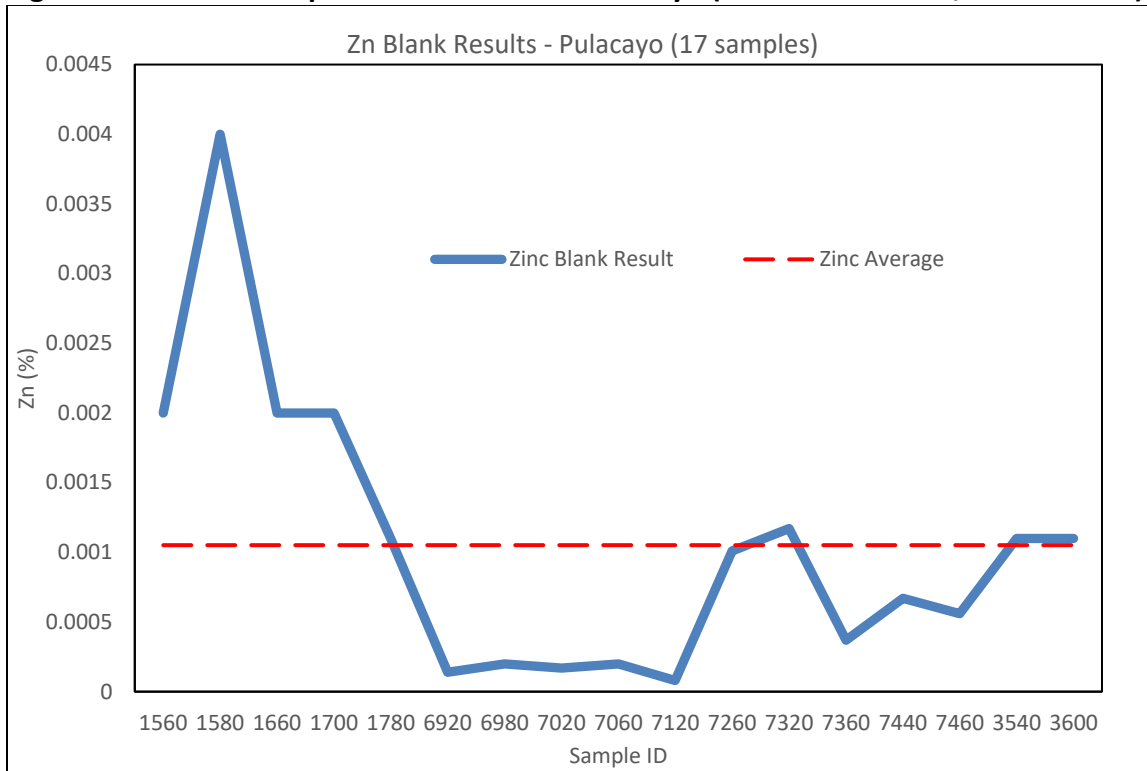


Figure 8.52: Blank Sample Results for Silver - Paca (mid-2020 to 2021, PND114-126)

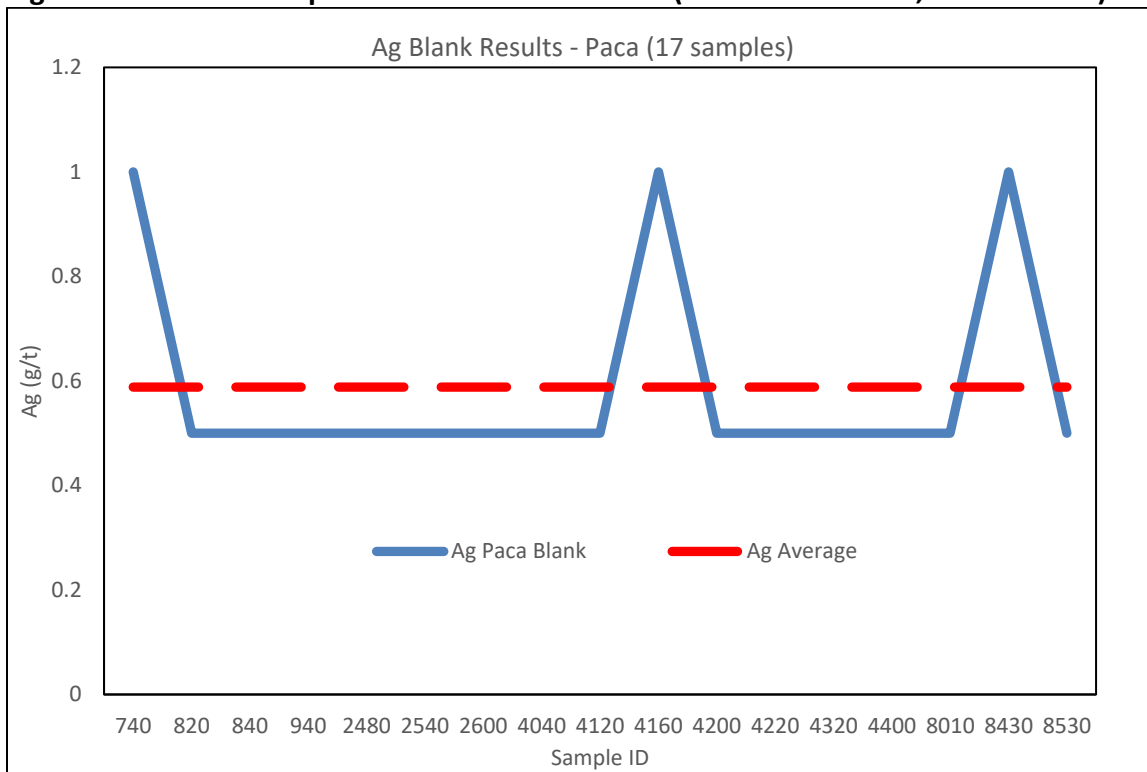


Figure 8.53: Blank Sample Results for Lead - Paca (mid-2020 to 2021, PND114-126)

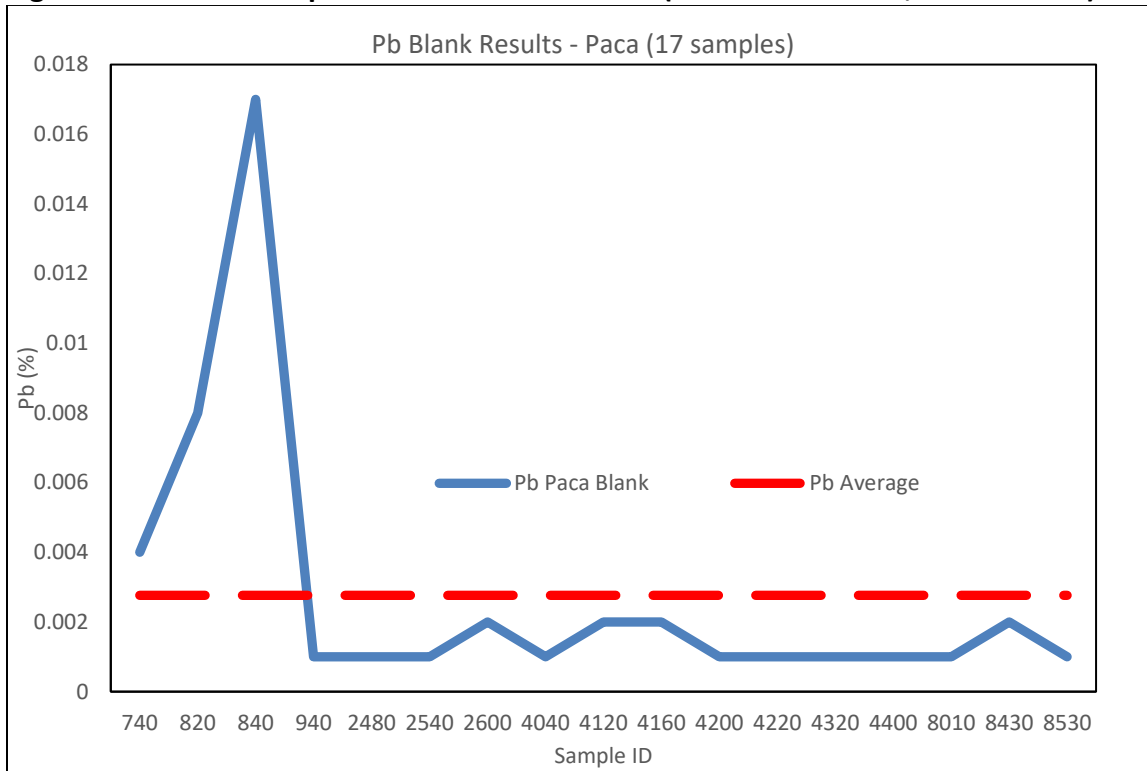
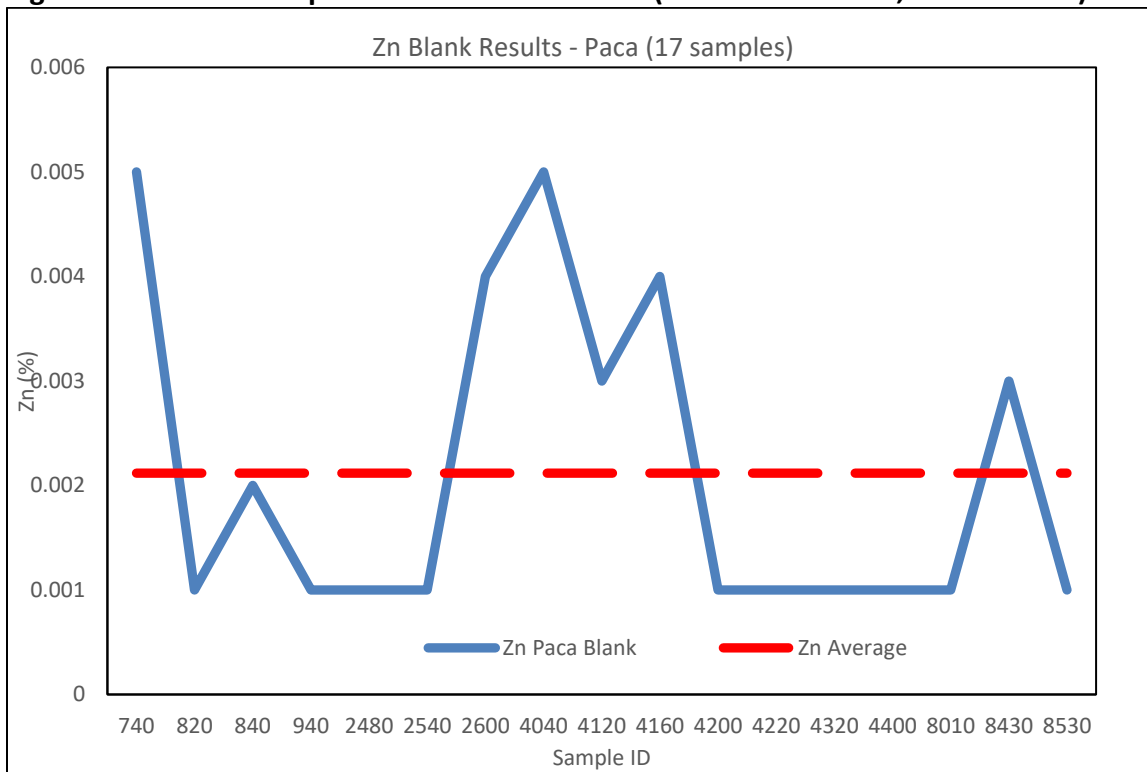


Figure 8.54: Blank Sample Results for Zinc - Paca (mid-2020 to 2021, PND114-126)



8.8.3 Core Duplicate Split Program 2019-2021

Silver Elephant carried out a program of quarter core sampling to check on sample variability and lab consistency during the 2019 to 2021 drilling programs. A total of 32 quarter core samples were processed for the Paca and Pulacayo drilling programs used in the mineral resource estimates. This includes drill holes PUD267 – PUD284 from the Pulacayo deposit and PND107 – PND113 from the Paca deposit. Further duplicate samples were collected as part of the mid-2020 to 2021 drilling programs and results are indicated below. This includes drill holes PUD285 – PUD294 from the Pulacayo deposit and PND114 – PND126 from the Paca deposit. Duplicate split samples were systematically inserted into the laboratory sample shipment sequence by Silver Elephant staff that ensured that at least one duplicate was submitted for every 60 samples. Silver, lead and zinc results for duplicate – original pairs are presented in Figures 8.55 to 8.63.

The ¼ duplicate silver, zinc, and lead data sets for the 2019-2021 Pulacayo and Paca drilling programs have correlations coefficients of between 0.94 to 1.00. Distributions in all cases group along their 1:1 equality lines. No discrepancies were noted in these results.

Figure 8.55: Duplicate ¼ Core Sample Results for Silver (N= 32) 2019-2020 (PUD267-284 and PND107-113)

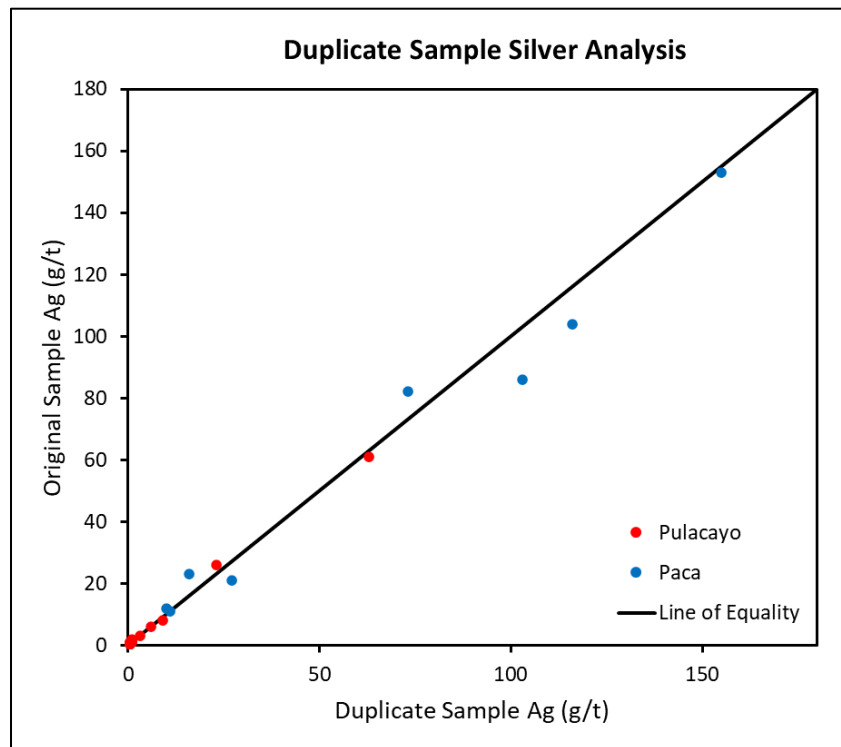


Figure 8.56: Duplicate ¼ Core Sample Results for Lead (N= 32) 2019-2020 (PUD267-284 and PND107-113)

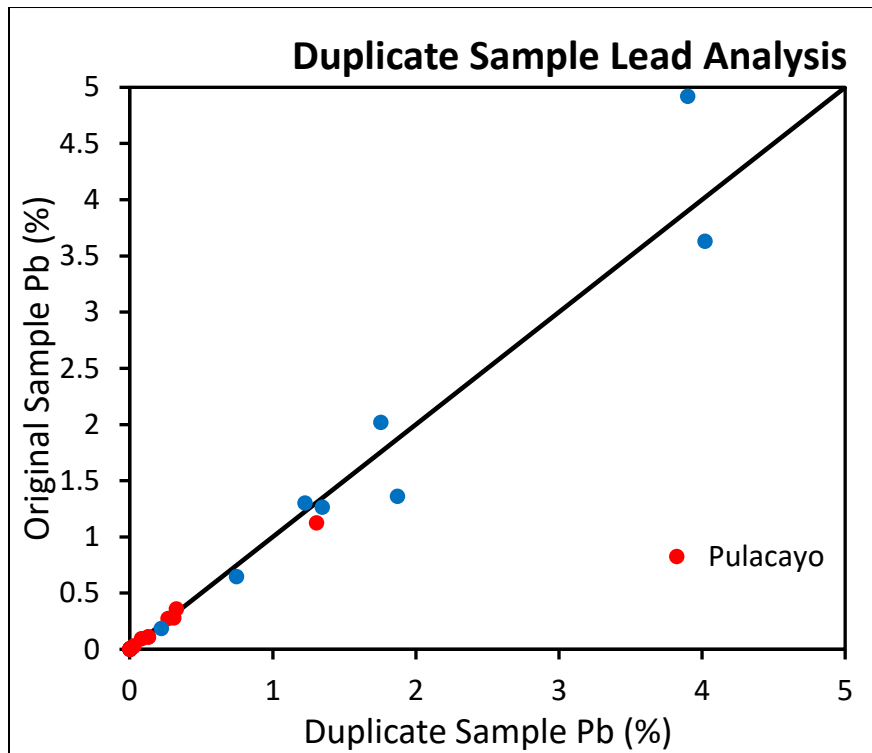


Figure 8.57: Duplicate ¼ Core Sample Results for Zinc (N= 32) 2019-2020(PUD267-284 and PND107-113)

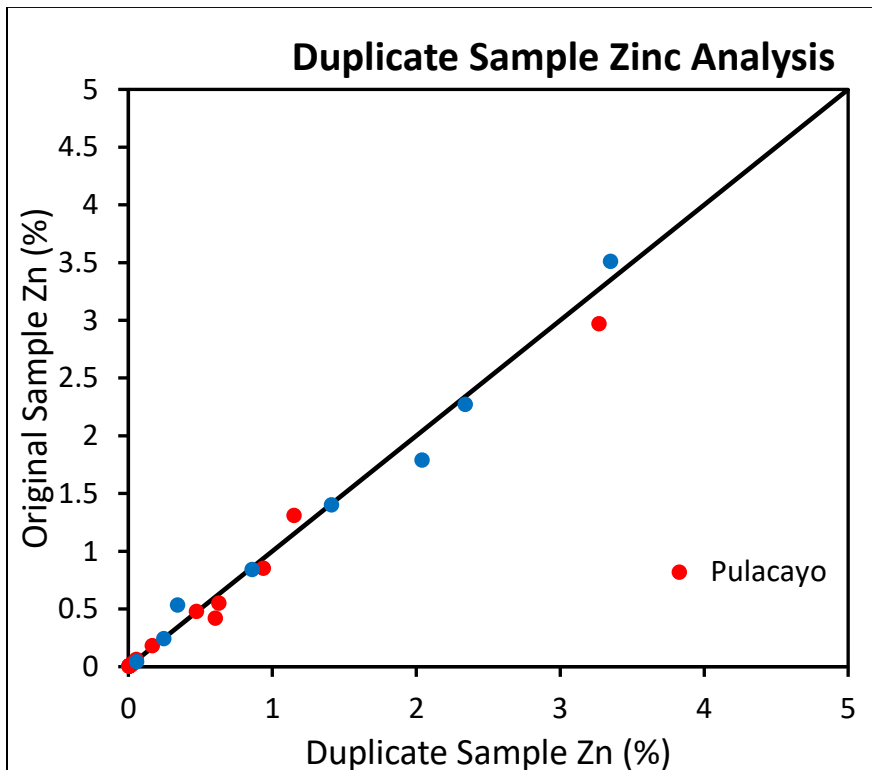


Figure 8.58: Duplicate ¼ Core Sample Results for Silver – (mid-2020 to 2021, PUD285-294)

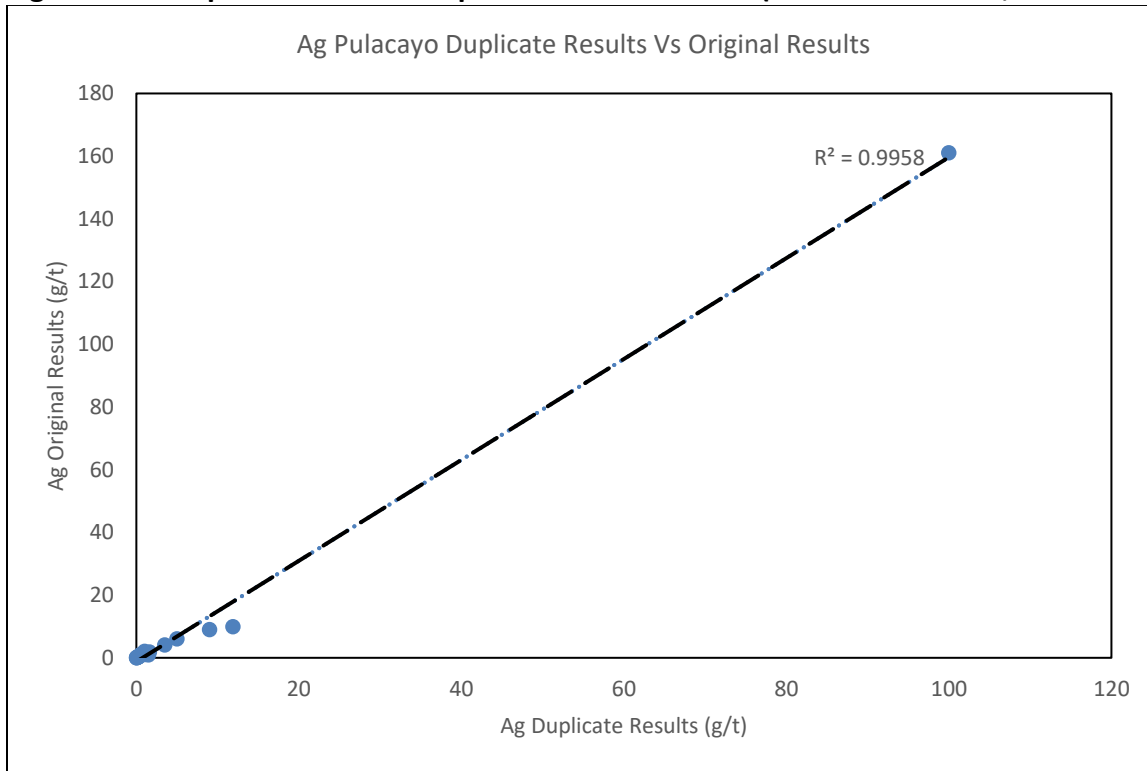


Figure 8.59: Duplicate ¼ Core Sample Results for Lead – (mid-2020 to 2021, PUD285-294)

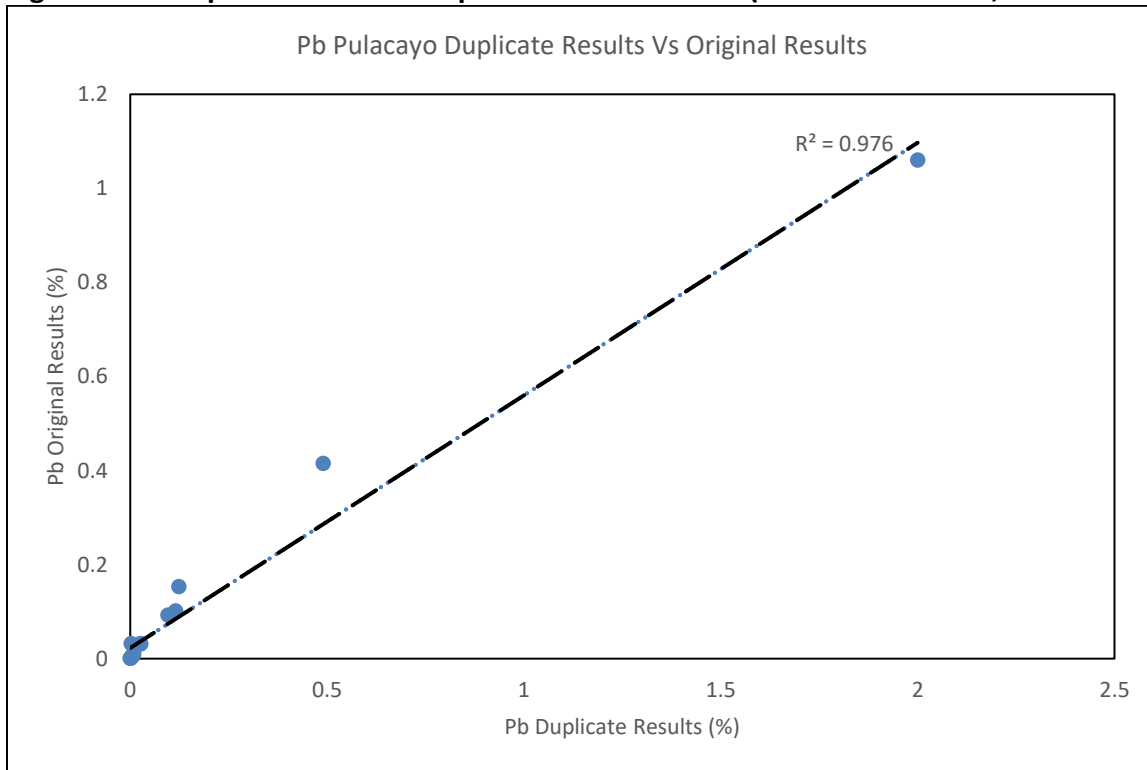


Figure 8.60: Duplicate ¼ Core Sample Results for Zinc – (mid-2020 to 2021, PUD285-294)

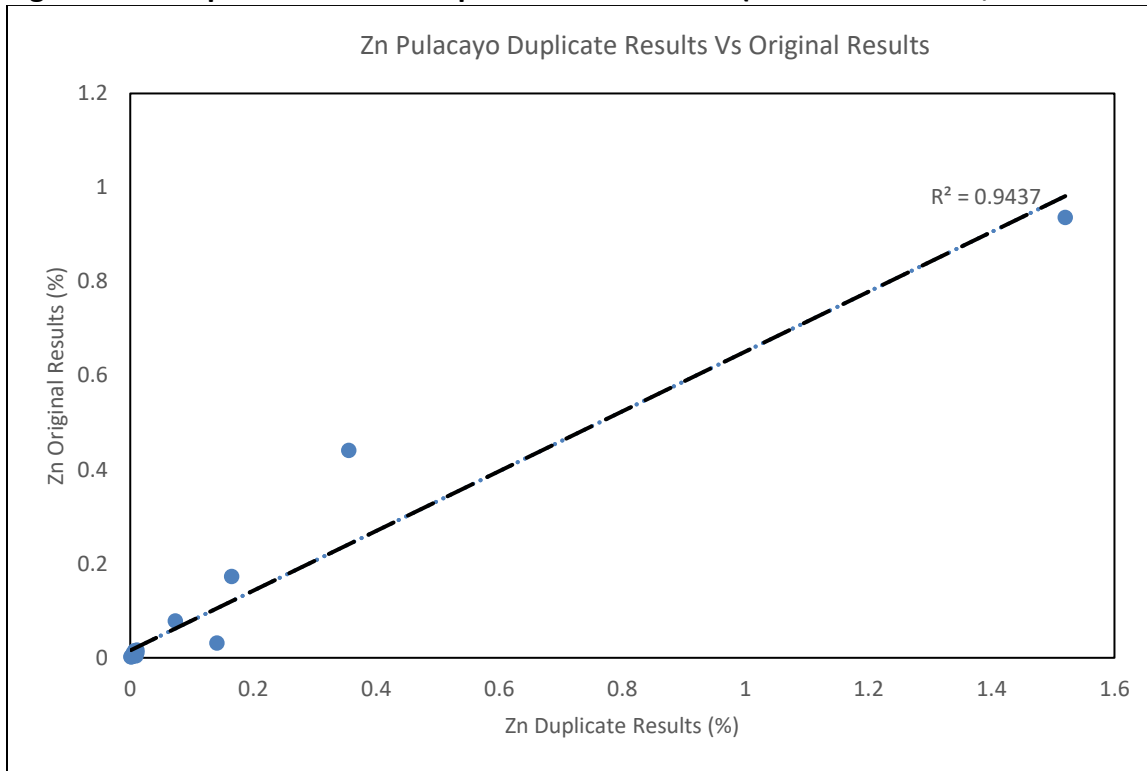


Figure 8.61: Duplicate ¼ Core Sample Results for Silver – (mid-2020 to 2021, PND114-126)

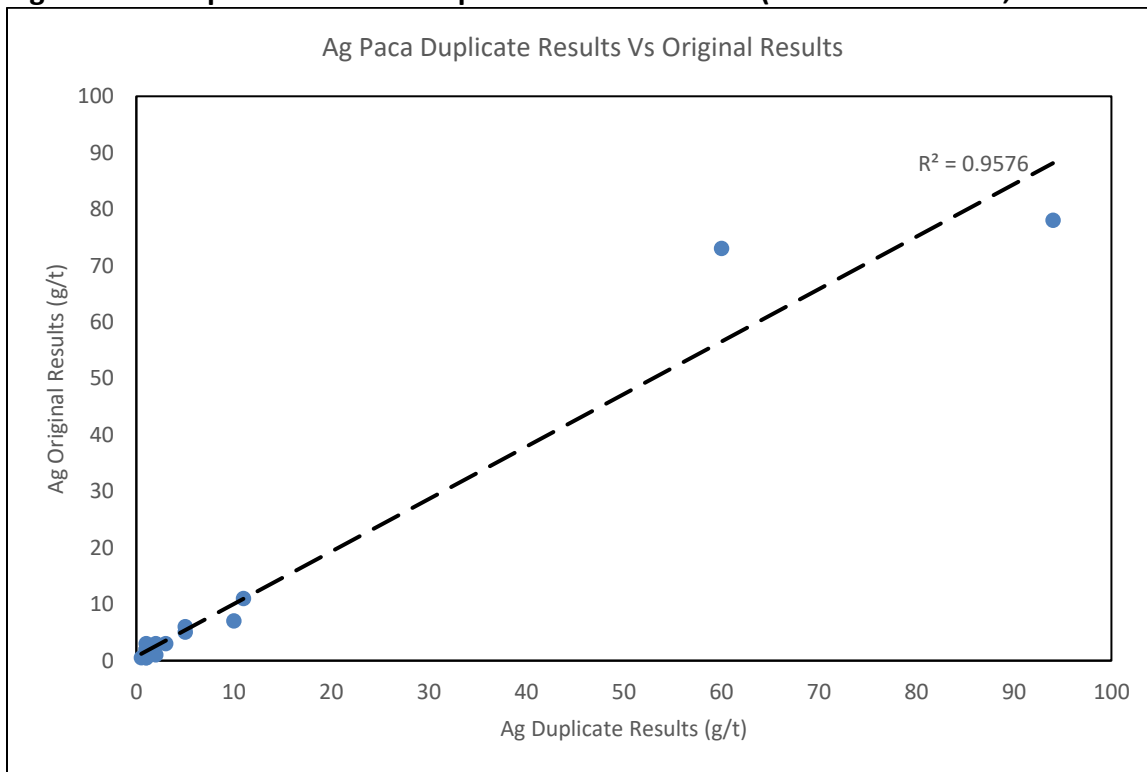


Figure 8.62: Duplicate ¼ Core Sample Results for Lead – (mid-2020 to 2021 , PND114-126)

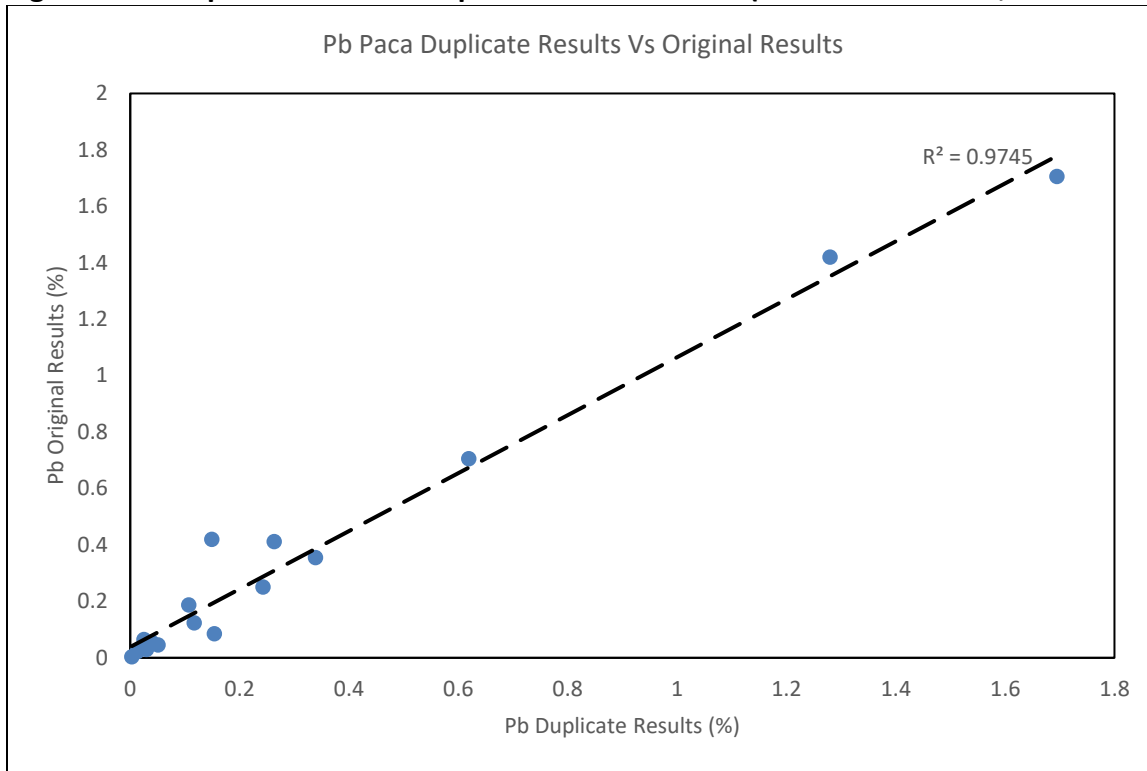
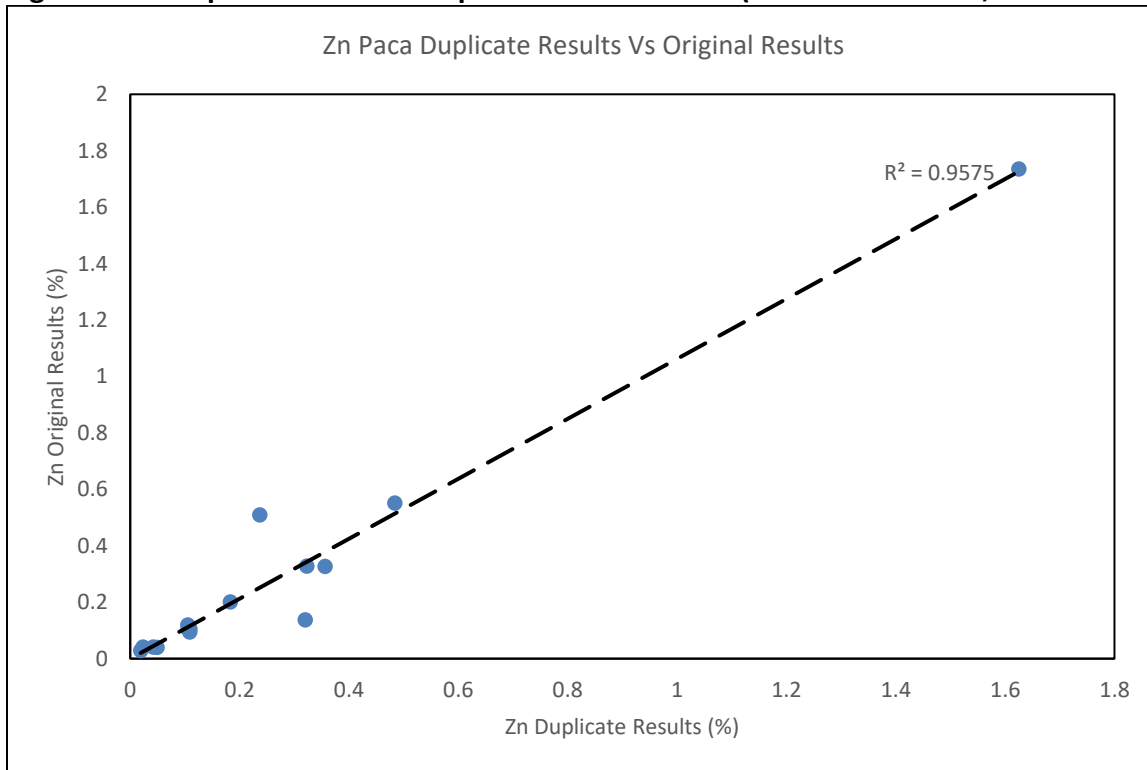


Figure 8.63: Duplicate ¼ Core Sample Results for Zinc – (mid-2020 to 2021, PND114-126)



8.9 Report Authors Comments on Sample Preparation, Analysis and Security

Based on all information consulted to date, the report authors are of the opinion that ASC, Apogee, and Silver Elephant sample preparation, analysis and security methodologies for their respective Pulacayo and Paca deposit drilling programs were sufficient for a project of this size and that suitable documented precautions were taken by both Apogee and Silver Elephant to identify irregularities in sample analytical results. Comparable verification for the Pulacayo and Paca ASC program was not available to the report authors, but no indications of problematic data were detected during mineral resource estimation work carried out.

9.0 Data Verification

9.1 Drill Hole Database Verification

Drill hole databases were retained for the current mineral resource estimation program. ASC and Apogee digital database drill hole records for the Pulacayo and Paca deposits were checked against scanned image files and/or original records for the project. The purpose of this data validation exercise was to assess consistency and accuracy of such records and to ensure integrity of the drill hole database for the current mineral resource estimate. Parameters reviewed in detail include collar coordinates, down hole survey values, hole depths, sample record entries, corresponding analytical results and database lithocodes. Approximately 10% of the drill holes comprising the Pulacayo and Paca drilling database were checked in detail against original source documents. Review of logging and sample records showed consistently good agreement between original image file or hard copy records and drilling database records. The 10% ASC-Apogee database validation was completed in addition to similar validation programs complete for previous mineral resource estimates.

The data validation program results showed that the Paca database lithocode entries for the first thirty holes completed by ASC (PND001 through PND030) could not be directly verified due to original logging records being unavailable. This deficiency did not extend to original core sampling records, which were found to be complete. The report authors recommended that a core re-logging program for the thirty ASC holes that lacked lithology documentation be completed and this work was carried out during the summer of 2015. The re-logging results were generally consistent with the existing database entries and the original entries were in many cases more detailed. This check on original entries was considered by the report authors to provide sufficient confirmation of the existing lithocodes to support their use in the current Paca resource estimate.

Micon had previously noted minor inconsistencies were in some instances present between digital project datasets and original source documents reviewed at the field site. More specifically, disagreement was noted in drill hole coordinates between original and digital datasets for such parameters as hole survey data, core recovery information on paper logs, incomplete digital representation of specific gravity analysis in the project database, and paper logs not having original sample documents appended. Apogee staff followed up on these points and subsequently prepared a summary file at the field site for each drill hole that contained updated drill collar coordinates, complete down hole survey results, graphical and tabulated quick logs, geological logs, updated cross sections, original sample records, summary assay results, specific gravity analyses and core recoveries. Examples of these summary drill hole files were reviewed by the report authors during all of their site visits.

After completion of all manual record checking procedures, the drilling and sampling database records were further assessed through digital error identification methods available through the Geovia-Surpac Version 2020® software. This provided a check on items such as sample record duplications, end of hole errors, survey and collar file inconsistencies and some potential lithocode file errors. The digital review and import of the manually checked datasets through Surpac provided the validated Microsoft Access® database that the report authors considered acceptable with respect to support of the mineral resource estimation program described in this TRS.

Core sample records, lithologic logs, laboratory reports and associated drill hole information for the 2019-2020 drill program was provided to the report authors by Silver Elephant for mineral resource estimation purposes. The report authors and Mercator staff completed a 100% check of database analytical entries associated with the Silver Elephant program against original assay certificates. Compilation of drill hole collar coordinates, down hole survey values, hole depths and sample record entries were checked against excel format drill logs provided by Silver Elephant and no significant issues were identified.

9.2 Site Visits and Check Sampling Programs (pre-2020)

9.2.1 August 3-10, 2011 Site Visit

Report author M. Harrington of Mercator carried out a site visit to the Pulacayo deposit during the period August 3rd through 10th, 2011. At that time, he completed a review of all Apogee drill program components, including discussion of protocols for lithologic logging plus storage, handling, sampling and security of drill core. A core check sampling program consisting of 9 quarter core samples, 2 duplicate split samples, 2 quality control samples, and 4 reject material samples was also carried out. A drill collar coordinate check program was also completed during the visit, with collar coordinates for 7 Apogee drill holes collected using a hand-held GPS device for comparison against database records. Apogee President, Mr. C. Collins, P. Geo, and Exploration Manager Mr. H. Uribe Zeballos provided technical assistance and professional insight during the site visit.

During the core inspection and review process, several previously sampled core intervals representative of the Ag, Pb and Zn grade ranges of the Pulacayo deposit were selected from drill holes PUD111, PUD134, PUD140, PUD144, PUD175, PUD188, and PUD203 for use in the Mercator check sampling program. After mark-up and photographing of sampled core intervals by report author M. Harrington, Apogee staff carried out quarter core sampling of the designated core samples under M. Harrington's supervision. Resulting bagged, labelled and sealed core samples

were securely stored at the Apogee facility until transported by commercial courier to SGS del Peru S.A.C for analysis.

In total, 9 quarter core samples were collected to provide sample coverage across the silver, lead and zinc grade ranges represented in the deposit. The quarter core samples were collected from drill holes PUD111, PUD134, PUD140, PUD144, PUD175, PUD188, and PUD203 and were submitted for analysis to SGS del Peru S.A.C. A sample of certified reference material CDN-SE-1, a commercial blank sample, and 4 reject samples were added to the batch of core samples submitted by M. Harrington for QAQC purposes.

After standard crushing and pulverization, silver, lead, zinc and copper levels were determined for check samples using SGS code ASS11B elemental analysis, which incorporates Aqua Regia digestion followed by AAS determination, and a Fire Assay – FAG313 finish for samples with silver values greater than 300 g/t. Specific gravity measurements for all prepared sample pulps were also completed using pycnometer instrumentation (PHY03V Code).

The report author’s core check sample results are compared to original Apogee results in Figure 9.1, Figure 9.2 and Figure 9.3 for silver, lead, and zinc respectively. A correlation coefficient of

Figure 9.1: Mercator ¼ Core Check Samples - Ag g/t (N=9)

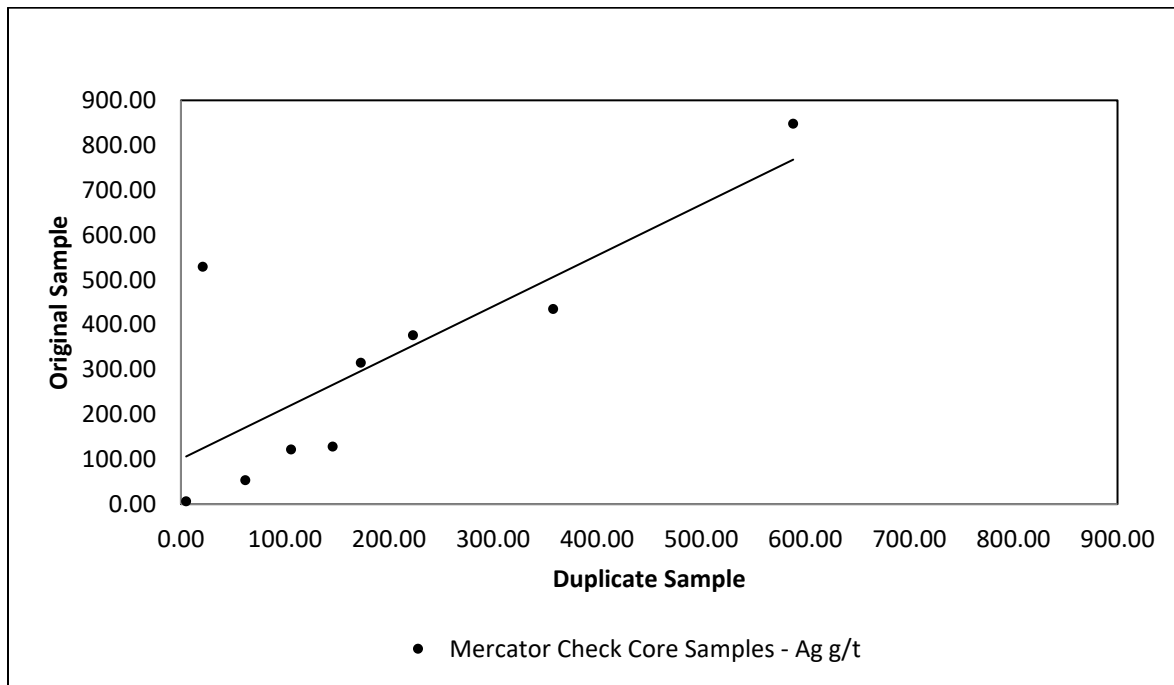


Figure 9.2: Mercator 1/4 Core Check Samples - Pb % (N=9)

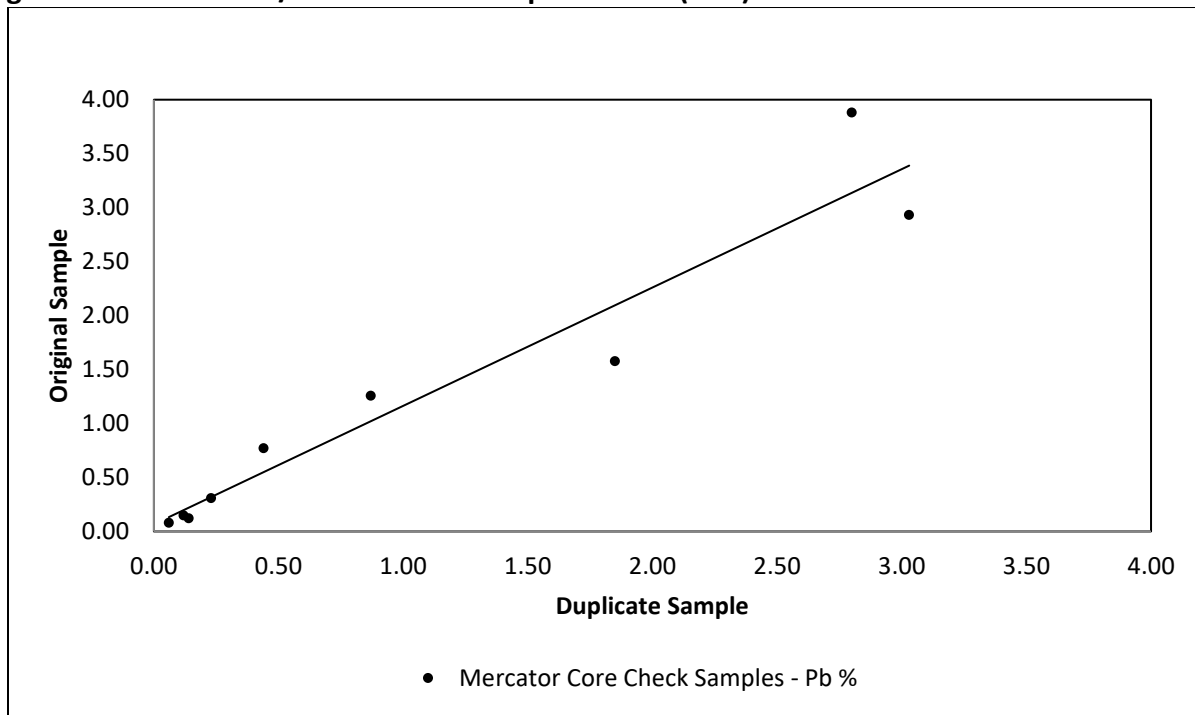
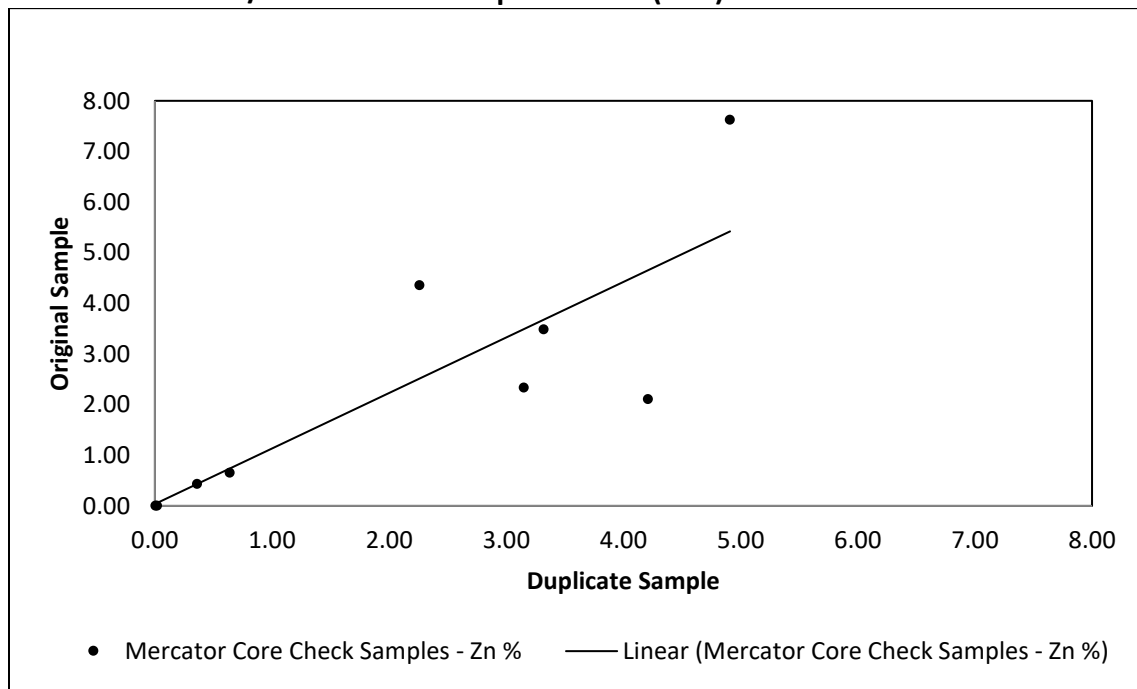


Figure 9.3: Mercator 1/4 Core Check Samples – Zn % (N=9)



0.78 applies to the silver data set but removal of one sample having an original value of 529 g/t and a check result of 21 g/t moves the correlation coefficient to 0.98. Lead results show good agreement between data sets, with a correlation coefficient of 0.96, while zinc data show higher variability between samples that is reflected in a correlation coefficient of 0.83.

Results of the 2011 Mercator check sample program by report author M. Harrington are interpreted as showing that reasonable correlation exists between the original and check sample data sets in all but one instance of an anomalous silver result. The value in question may suggest strong spatial heterogeneity of silver distribution within the sample interval but could also be a result of sample contamination or analytical error. Despite the lower correlation coefficient for zinc results, all original samples that returned a grade of greater than 2.00% also returned a check value greater than 2.00% and samples below that threshold provide a correlation coefficient of 0.99. These results confirm the anomalous character of mineralization within the sections sampled, particularly at grades below 2.00%, and indicate that lower correlation at higher grades may be related to heterogeneity of sulphide mineral distribution at the core sample scale rather than analytical error or sample contamination.

Observations regarding the character of the landscape, vegetation, site elevations, surface drainage, road/drill pad features, drill sites, mine accesses, exploration conditions, and core logging and handling facilities were also noted during the site visit. Based on observations made during the site visit and discussions with Apogee staff and consultants, the QP determined that, to the extent reviewed during the visit, evidence of work programs carried out to date on the property is consistent with descriptions reported by the company and that procedures employed by Apogee staff are consistent with current industry standards and are of good quality.

9.2.2 April 26-28, 2012 Site Visit

Report author M. Cullen visited the Pulacayo site during the period April 26th to April 28th, 2012 for the purpose of carrying out review of on-going drilling and resource estimation program work pertaining to oxide zone mineralization not included in the previous historical resource estimate. Reviews of site drill program components, including discussion of protocols for lithologic logging plus storage, handling, sampling and security of drill core were carried out at that time, with specific focus on the 45 drill holes completed late in 2011 that targeted oxide zone mineralization of the TVS.

Trenched areas, TVS surface exposures and drilling locations associated with assessment of the oxide zone were visited and a general overview of the site and facilities was obtained. Report author M. Cullen completed a core check sampling program consisting of 24 quarter core

samples, 1 quality control reference material sample, and 1 blank sample was also carried out, along with field location checking of drill collar coordinates for 14 oxide zone drill holes. Collar locations were checked using a hand-held GPS device for comparison against database records and acceptable results were returned from both programs. Detailed results of these programs appear below.

An active test mining area developed by Apogee on a subsidiary hanging-wall vein (ramale) interval of the TVS near the San Leon tunnel was also visited during the April 2012 trip. Stoping of the vein was being carried out at that time over a horizontal width of approximately 1.5 m to 2.0 m and stoped material was being stockpiled on surface for use in future metallurgical testing programs.

Apogee President, Mr. C. Collins, P. Geo., accompanied report author M. Cullen throughout the visit and Exploration Manager, Mr. H. Uribe Zeballos, discussed the project during meetings held on April 24th at Apogee's La Paz office. Discussions on site were held with Apogee mine staff and mine manager, Mr. Wouter Erasmus, led an underground tour of the test mining area and adjacent historic workings (Figure 9.4). Apogee site geological staff under direction of Mr. F. Mayta, Senior Geologist, plus core facility technicians facilitated review and sampling of the oxide zone drill core that was a primary focus of the site visit.

2012 Check Sampling and Drill Hole Location Checking

During the April 2012 site visit by report author M. Cullen, Pulacayo quarter core samples were obtained from Apogee oxide zone drill core for purposes of independent check sample analysis. In total, 23 quarter core samples were collected to provide sample coverage across the silver, lead and zinc grade ranges represented in the oxide zone. The quarter core samples were collected from drill holes PUD266, PUD230, PUD220, PUD251 and PUD256 and were submitted for analysis to SGS del Peru S.A.C. A sample of certified reference material CDN-SE-1 and a commercial blank sample were added to the batch of core samples submitted by M. Cullen for QAQC purposes.

Sample intervals of archived drill core were selected and marked by Mercator and then photographed prior to being placed in labelled plastic bags for shipment to the laboratory. Core intervals taken for check sample purposes were clearly identified by explanatory tags secured in the core boxes for archival reference purposes (Figure 9.4). All core sampling work was carried out at the Apogee core logging facility on the Pulacayo property by M. Cullen and Apogee field staff carried out sample cutting and bagging activities under QP supervision. After standard crushing and pulverization, silver, lead, zinc and copper levels were determined using the same

preparation and analytical methods that were used in the check-sampling program described above completed by author Harrington.

Figure 9.4: Photo of April 2012 Core Sample Interval



Core check sample results collected by report author M. Cullen were comparable to original Apogee results in Figure 9.5, Figure 9.6 and Figure 9.7 for silver, lead and zinc, respectively. Results are interpreted as showing that acceptable correlation exists between the original oxide zone analyses and the check sample data set. Results confirm the anomalous character of mineralization within the sections sampled but also show that lower correlation between sample pairs exists at higher grade levels. This may be related to heterogeneity of oxide and sulphide mineral assemblage distribution at the core sample scale rather than analytical error or sample contamination. Visual core inspection during the April 2012 site visit showed that higher zinc and lead grades within the oxide zone often correspond with irregular zones in which remnants of sulphide zone mineralogy are preserved.

Collar coordinates for 14 drill holes completed during the 2011 oxide zone drilling program were also checked by report author M. Cullen during the April 2012 site visit. A Garmin Map 60 handheld GPS unit was used to collect collar coordinate check values and these were then compared to validated resource database collar file values. Excellent correlation exists between the two data sets with respect to UTM easting and Northing values, with the total range in Easting variation being -2.1 m to +2.9 m and the total range for Northing being -4.5 m to +1.8 m. Values in the site visit elevation data set range between +7.9 m and +14.5 m above corresponding

database collar values. This variation is systematic and project database values acquired using differential GPS equipment are considered to be more accurate than hand-held GPS values obtained during the site visit.

Figure 9.5: 1/4 Core Check Samples 2012 - Ag g/t (N=24)

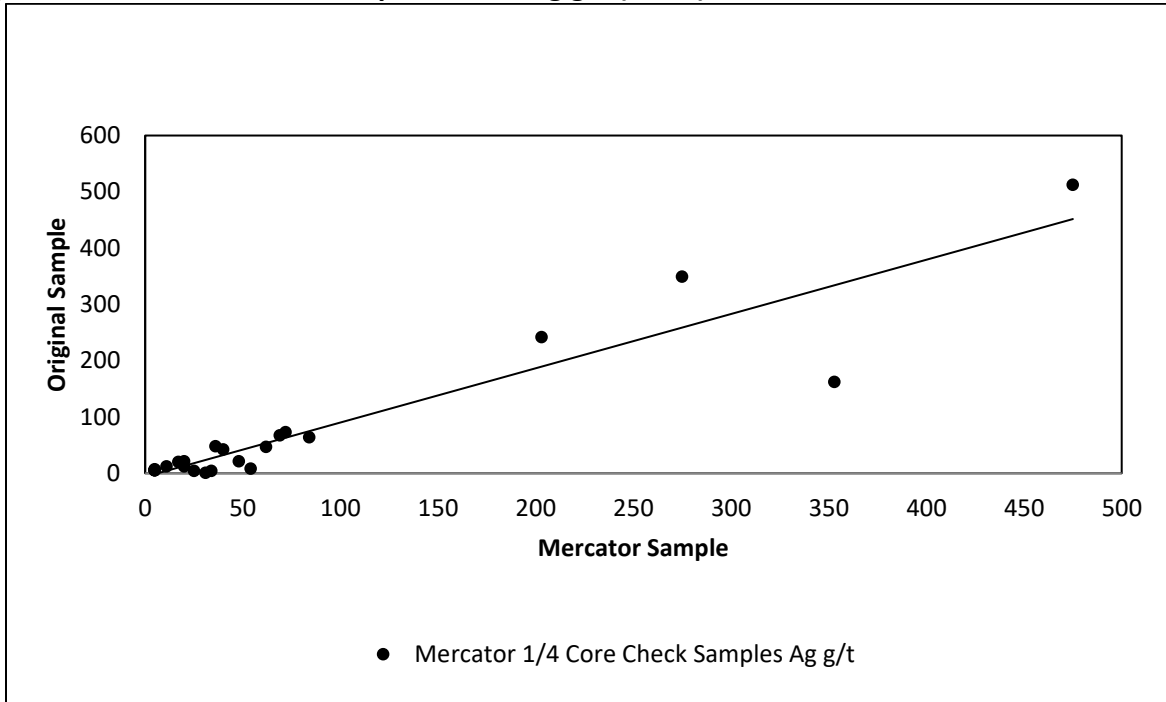


Figure 9.6: 1/4 Core Check Samples 2012 - Pb % (N=24)

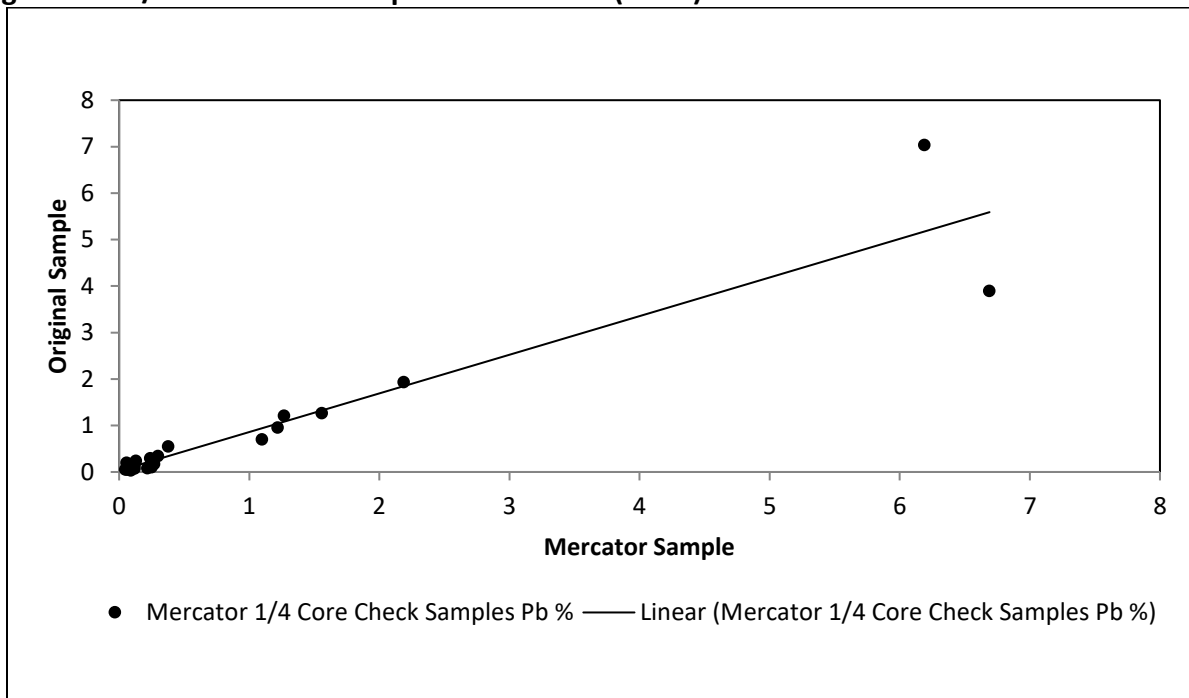
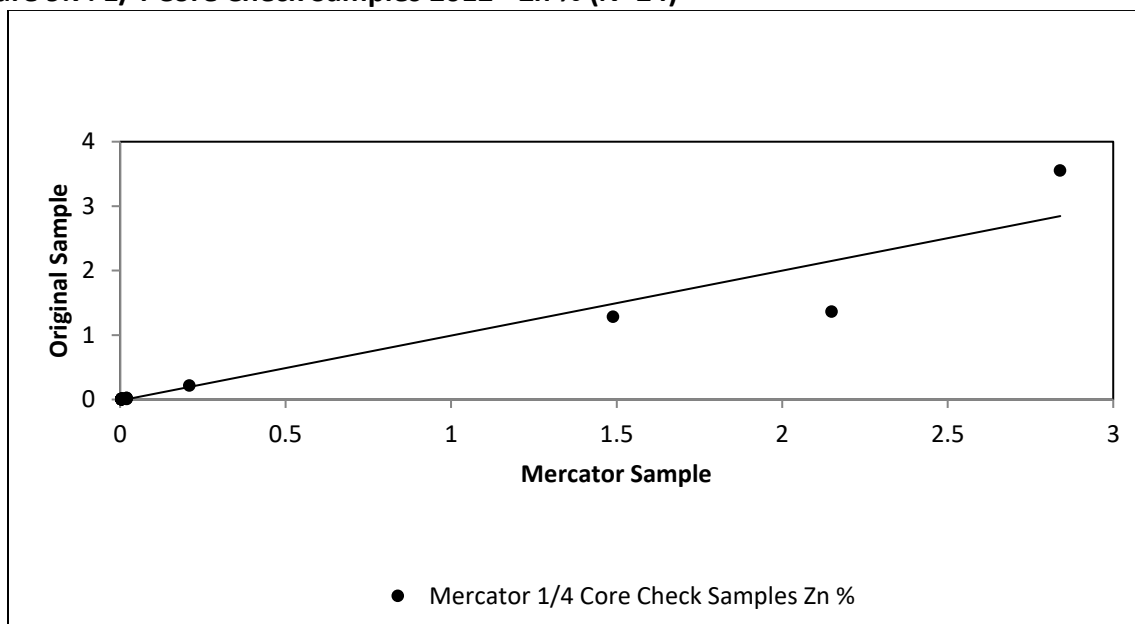


Figure 9.7: 1/4 Core Check Samples 2012 - Zn % (N=24)

9.2.3 June 3-6, 2015 Site Visit

Report authors M. Cullen and M. Harrington visited the Pulacayo site from June 3 to 6, 2015. Meetings were also held with Mr. Bekzod Kasimov, then Prophecy's Vice President of Operations, plus other consultants, in Silver Elephant's La Paz office on June 3rd prior to departure for Pulacayo. Mr. Kazimov accompanied Mercator staff to the Pulacayo site and participated in site activities and discussions. Mr. Hernan Uribe Zeballos, Chief Geological Consultant to Prophecy (Silver Elephant) at the time, coordinated site geological activities and field inspections with assistance from other site staff.

The primary purpose of the 2015 site visit was to carry out data validation and analytical check sampling studies related to the 2015 Paca deposit historical resource estimate prepared by Mercator for Prophecy. A second priority was to review results of work carried out to that date by exploration staff and consultants with respect to various tailings/waste rock deposits on the property. The latter are currently considered by Silver Elephant to be possible sources of future mill feed. On that basis, they constitute potential targets for future mineral resource estimation programs. While the Pulacayo deposit was not the central technical focus during the 2015 site visit, discussion with respect to the deposit, the current geological and block models and various other aspects of deposit geology were held during the visit.

During the 2015 site visit, drill core from the 13 drill holes identified below in Table 9.1 was reviewed in detail by report authors M. Cullen and M. Harrington. All core was found to be in excellent condition and had been systematically archived and stored in the core storage and

logging facility located at the Pulacayo site (Figures 9.8 and 9.9). Careful review of these cores relative to corresponding database entries, core sampling records and respective logs showed that good correlation generally exists between the database lithocode and sampling records and original logging and sampling records. However, in several instances, logged and lithocoded descriptions of core intervals were found to be inconsistent with actual rock types observed in core. In some cases, substantial discrepancy was noted, an example being a 48.5 m interval of altered volcanic breccia beginning at 183 m downhole in hole PND092 is logged and lithocoded as altered, fine grained volcanoclastic sediment. A similar issue was noted in PND093, where a 27 m interval beginning at 128 m downhole is logged and lithocoded as conglomerate but is actually andesite. Errors such as these cannot be readily detected in standard desktop database checks but can sometimes be identified by careful checking of database core lithocodes against corresponding photographic core records.

Table 9.1: ASC and Apogee Drill Holes Included in Core Review

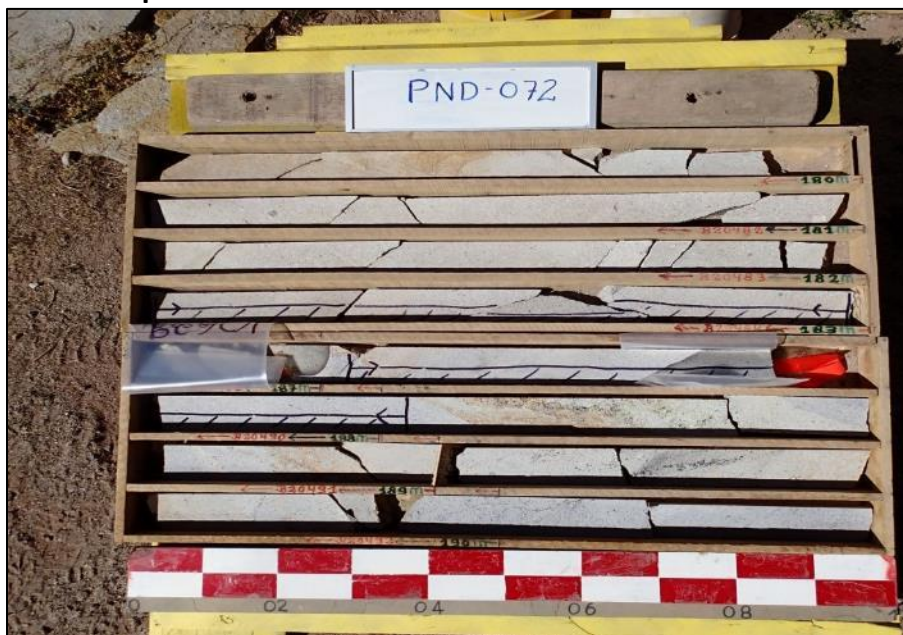
Hole Number	Drilled By	Azimuth (°)	Inclination (°)	Depth (m)
PND008	ASC	160	-45	179.04
PND023	ASC	340	-55	207.4
PND029	ASC	145	-45	133.6
PND031	ASC	160	-45	87.5
PND033	ASC	0	-45	88
PND056	Apogee	180	-45	329
PND061	Apogee	180	-45	250.5
PND062	Apogee	180	-45	82
PND070	Apogee	180	-45	258
PND072	Apogee	180	-45	363
PND087	Apogee	180	-45	343
PND092	Apogee	180	-45	237
PND093	Apogee	180	-45	249

Figure 9.8: Paca Drill Core in Secure Pulacayo Core Storage Facility – June 2015**Figure 9.9: Prophecy Staff at Pulacayo Site Core Storage Facility – June 2015**

Individual core intervals logged as rock types inconsistent with site visit core observations were encountered in cores from five of the thirteen drill holes reviewed by report authors M. Cullen and M. Harrington during their site visit. In most cases, the incorrect lithocode assignment would not have had substantive impact on geological interpretations based on the drilling database records. Prophecy staff were made aware of this issue and advised to monitor it on an on-going basis whenever archived core is being used for sampling or other purposes.

Report authors M. Cullen and M. Harrington collected a total of 14 quarter core check samples from the ASC and Apogee drill holes inspected during the site visit (Figure 9.10). Site technical staff coordinated handling, cutting, bagging and photographing of core samples and all of these were carried out under direct supervision of report authors M. Cullen and M. Harrington. The core sampling program was designed to cover the range of metal grades that characterise the Paca deposit. Samples remained under the control of report authors M. Cullen and M. Harrington during their site visit. The quarter core samples were collected from drill holes PND031, PND056, PND062, PND070, PND072, PND092, and PND093. Two samples of certified reference material CDN-ME-4 and a non-mineralized blank sample were also submitted for quality control purposes. All samples were subsequently for analysis to the SGS Bolivia S.A. laboratory facility in El Alto, Bolivia. SGS is a fully accredited, independent, international analytical services firm registered to ISO 17025 standards.

Figure 9.10: Check Sample Interval in Paca Drill Hole PND-072



After standard crushing and pulverization at SGS, silver, lead, zinc, copper and gold levels were determined using SGS code ASS11B elemental analysis, which incorporates Aqua Regia digestion followed by AAS determination, and a Fire Assay – FAG313 finish for samples with silver values greater than 300 g/t. Analysis of zinc lead and copper was carried out using Atomic Absorption Spectrophotometry (SGS codes AAS). Core check sample results for silver, zinc and lead are compared, respectively, to original Apogee results in Figure 9.11, Figure 9.12 and Figure 9.13 below. Quality control samples by report authors M. Cullen and M. Harrington returned acceptable results and data are considered valid. A correlation coefficient of 0.92 applies to silver

data, zinc results have a correlation coefficient of 0.99 and lead results have a correlation coefficient of 0.88. However, it should be recognized that the populations are limited in number. For each metal, data pairs group along respective 1:1 correlation lines on the scatterplots, with greater variation between pairs seen at higher grade levels for each metal. Based on the check sample comparison, report authors M. Cullen and M. Harrington are of the opinion that reasonable correlation exists between the original and check sample data sets, suggesting acceptable dataset integrity.

Figure 9.11: 2015 Core Check Sample Results - Silver

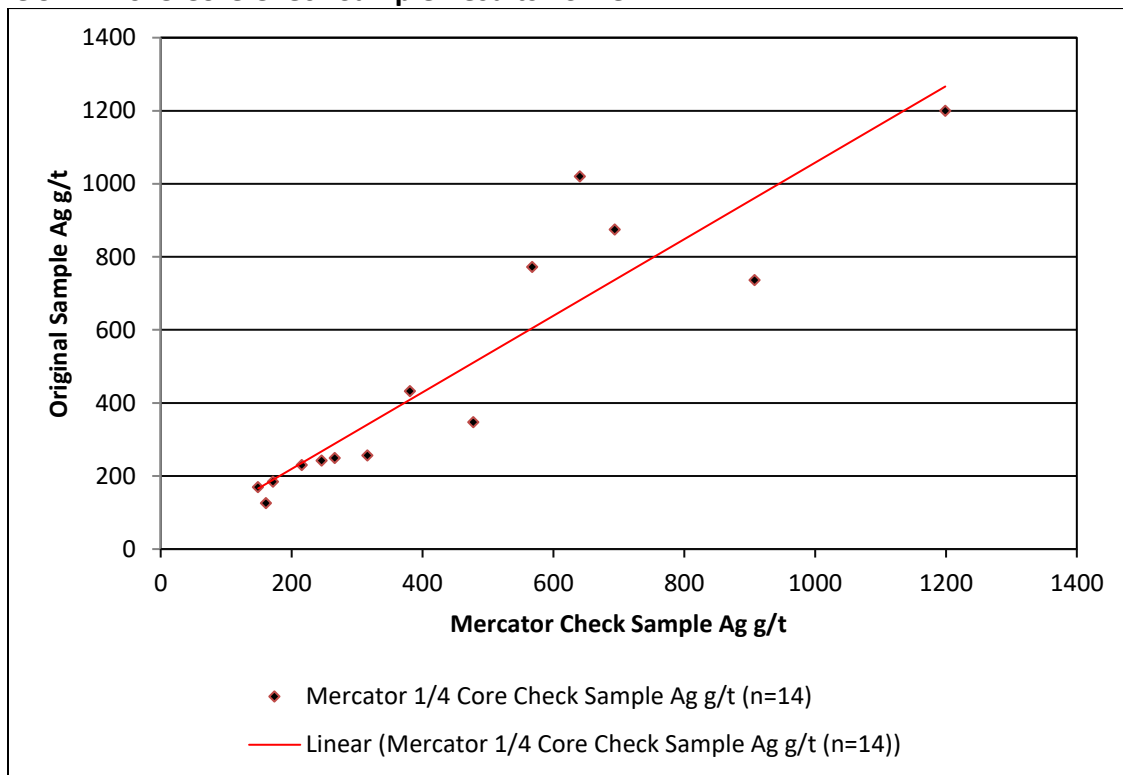


Figure 9.12: 2015 Core Check Sample Results - Zinc

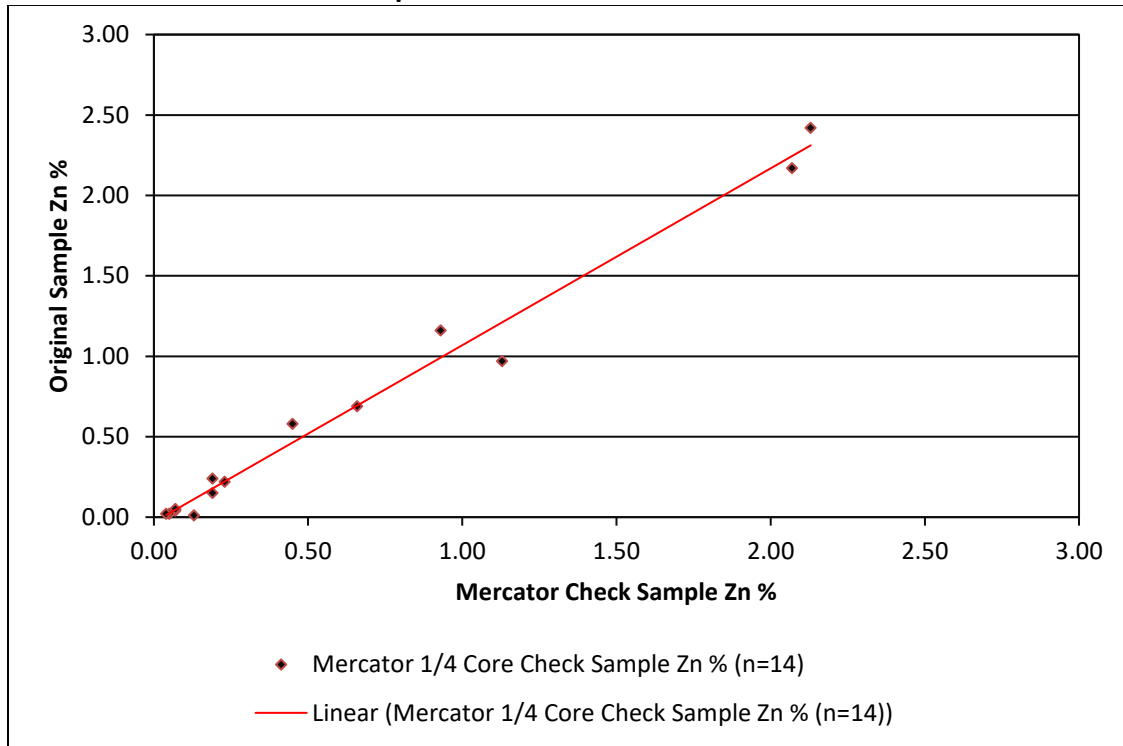
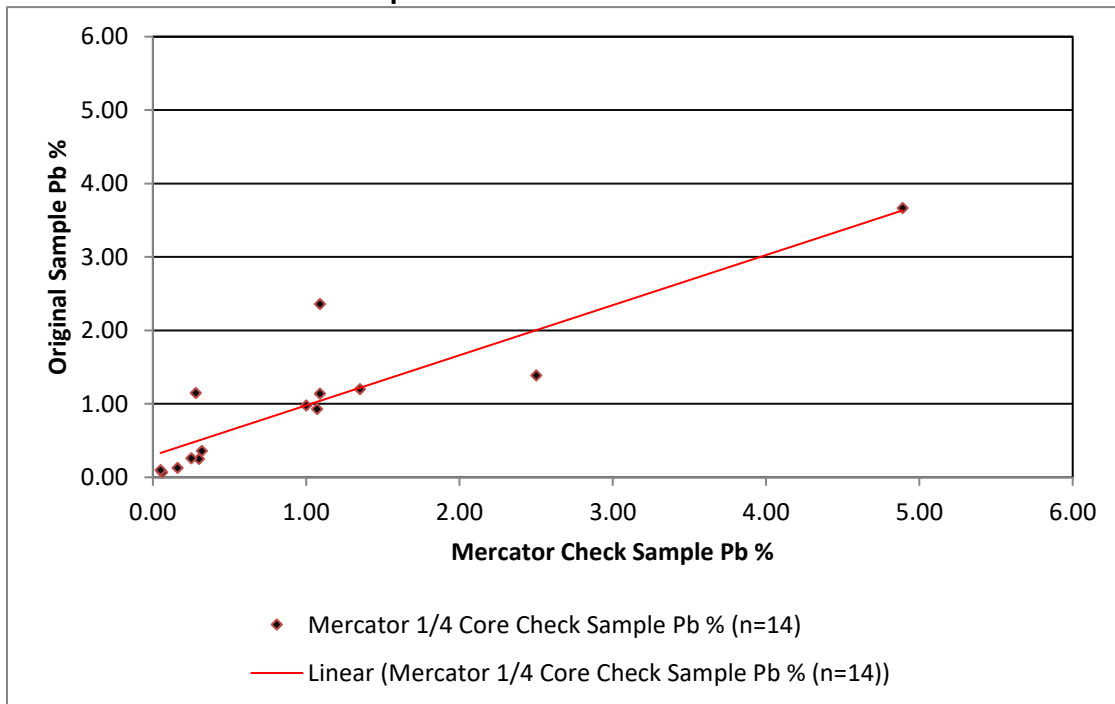


Figure 9.13: 2015 Core Check Sample Results - Lead



Collar coordinates for 8 drill holes completed during the ASC and Apogee Paca drilling programs were checked by report authors M. Cullen and M. Harrington during their June 2015 site visit (Table 9.2). A Garmin Map 60 handheld GPS unit was used to collect collar coordinate check data

that was compared to validated resource database collar file values. Collar locations were easily located in the field and are typically marked by a concrete monument with the hole number inscribed.

Excellent correlation exists between the resource drilling database and the check coordinate data set with respect to UTM easting and northing values. Easting variation range is 2.0 m or less and range in Northing values is 3 m or less and within the accuracy of the handheld GPS. In contrast, site visit elevation data are less consistent with database values and define a 14 m to 27 m total range of variation. The average elevation difference between data sets is about 18 m and check elevations are consistently higher than database values. The reason for this elevation differential is not clear, but the report author’s experience is that elevation data collected using non-differential, handheld GPS instruments often shows greater variation than seen in site levelled measurements. The systematic nature of the elevation data variation in this case may indicate that a general levelling error exists between the two systems. In contrast, the easting and northing collar components show exceptionally good agreement between data sets. Notwithstanding the elevation discrepancy, report authors M. Cullen and M. Harrington are of the opinion that the 2015 field check data show acceptable correlation with corresponding database records.

Table 9.2: Drill Collar Coordinate Checking Program Results

Hole ID	*GPS Coordinate			*Database Coordinate		
	Easting (m)	Northing (m)	Elevation (m)	Easting (m)	Northing (m)	Elevation (m)
PND003	739879	7750568	4203	739877	7750571	4215
PND008	739811	7750248	4257	739810	7750247	4283
PND031	739812	7750249	4257	739810	7750247	4284
PND032	739872	7750571	4203	739871	7750574	4217
PND039	739694	7750338	4230	739690	7750337	4247
PND041	739868	7750575	4203	739868	7750576	4220
PND047	739894	7750343	4230	739892	7750342	4248
PND062	739791	7750582	4200	739789	7750583	4216

*Universal Transverse Mercator (UTM) Grid: Zone 19 South, WGS84 Datum

9.3 2020 Site Visit and Check Sampling Program (Dr. Osvaldo Arce)

Between September 5 to 6, 2020, report author Dr. Arce carried out a site visit to the Silver Elephant Pulacayo Project. The specific purpose of the site visit was to support the current mineral resource estimates and TRS prepared by the report authors. Site visit activities were focused on review of drill core and completion of an independent drill core check sampling and

drill collar location check programs with respect to drilling carried out by Silver Elephant since the previous historical resource estimate for the Project. Mr. Carlos Zamora, Senior Geologist of Silver Elephant, coordinated logistical aspects of the site visit and provided on-site professional guidance with respect to work completed. Technical staff employed by Silver Elephant assisted with drill core cutting and sampling activities that were carried out under direct supervision of report author Dr. Arce at the Silver Elephant core facility at Pulacayo.

Report author Dr. Arce completed a summary report detailing procedures, methods, and results of the site visit (Arce, 2020). This report provides detailed descriptions of all aspects of the site visit and is supported by numerous field photos, tables, charts and graphs. A total of 12 quarter core check samples were collected by report author Dr. Arce from intervals previously sampled by Silver Elephant, which were cut and re-numbered in a different sequence using a new set of sample numbers. The check samples were submitted to the ALS Laboratory in Lima, Peru, for repeat analyses. As noted earlier, ALS is an international, accredited commercial supplier of analytical services and is registered to the ISO/IEC 42 17025:2005 standard for facilities in Lima. One certified reference standard sample was inserted to the sample stream for check QA/QC analysis. Analytical protocols matching those used by Silver Elephant were applied.

Original assays and repeat analyses for the check samples are compared in Figure 9.14. They show acceptable agreement with the exception of sample PCK-01 that registers much higher metal values than those recorded in the database. A data entry error in the database is suspected in this instance and it is recommended that the discrepancy be investigated further. Results for the certified reference standard submitted to ALS along with the check samples returned results that very closely match accredited values for the standard. Accuracy of check sample results is therefore considered to be acceptable. Table 9.3 below presents comparative analytical results for the 2020 check sample program. Report author Dr. Arce maintained secure possession of the check samples after their collection and arranged for their secure transportation to the ALS Laboratory in Lima, Peru by commercial carrier.

Figure 9.14: Check Sample Results for the 2020 Site Visit (Silver Elephant)

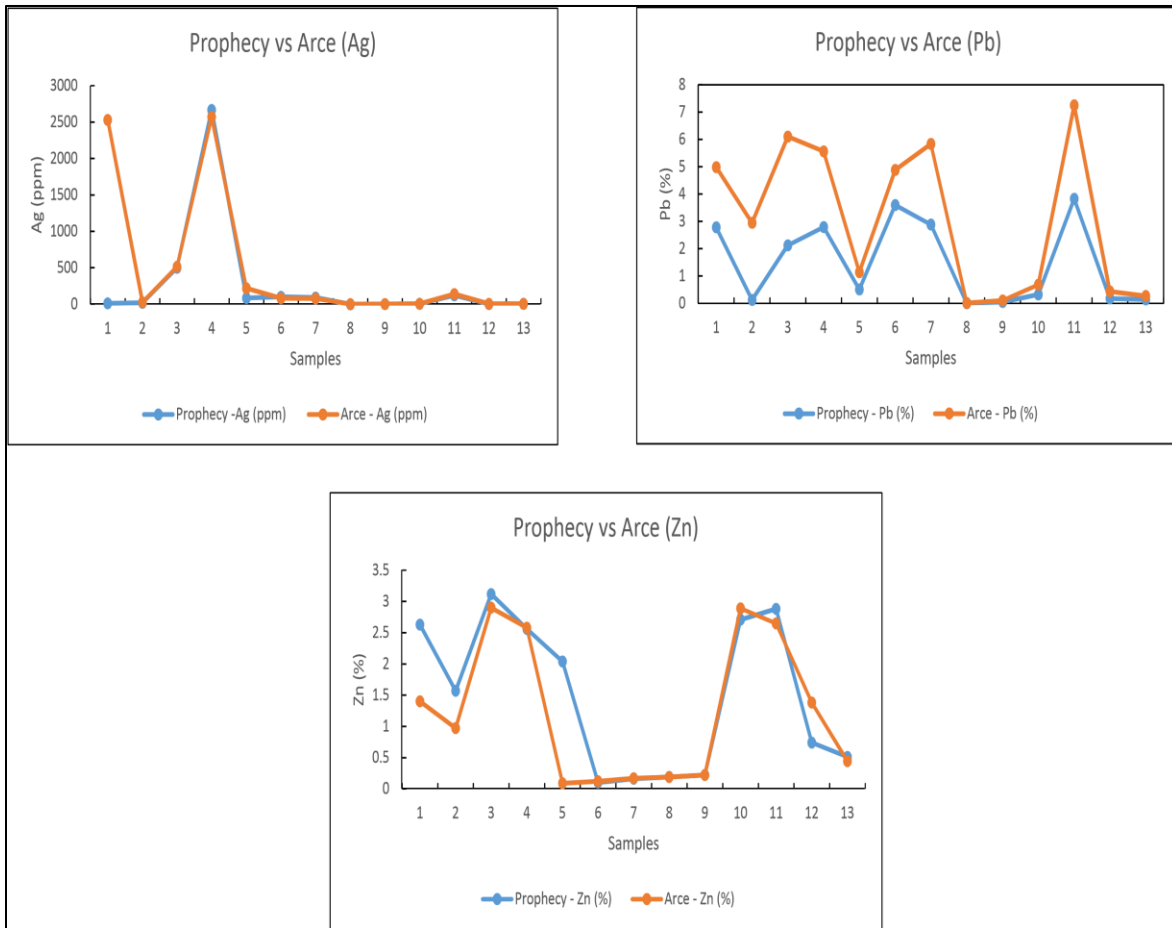


Table 9.3: Comparison of Check Sampling Assays Vs Silver Elephant Original Assays

Silver Elephant Hole	Original Sample ID	Arce ID	Arce – Repeat Analysis			Original Analysis		
			Ag_ ppm	Pb (%)	Zn (%)	Ag_ ppm	Pb (%)	Zn (%)
PND-110	2220	PCK-01	2530	2.20	1.40	12	2.78	2.63
	2228	PCK-02	26	2.83	0.97	21	0.12	1.57
	2252	PCK-03	516	3.98	2.90	501	2.12	3.12
Standard		PCK-04	2570	2.77	2.58	2668	2.79	2.56
PND-112	2462	PCK-05	218	0.63	0.09	85	0.51	2.04
	2478	PCK-06	83	1.28	0.12	102	3.60	0.10
	2490	PCK-07	77	2.96	0.17	92	2.88	0.16
PUD-283	2104	PCK-08	1	0.01	0.19	<1	<0.01	0.19
	2198	PCK-09	2	0.05	0.22	3	0.05	0.22
	2466	PCK-13	7	0.36	2.89	6	0.32	2.71
PUD-284	2289	PCK-10	140	3.42	2.65	124	3.83	2.88
	2352	PCK-11	5	0.25	1.38	4	0.18	0.74
	2434	PCK-12	6	0.13	0.44	6	0.14	0.51

Drill hole collar check coordinates for 4 drill holes were also collected during the site visit for comparison with Silver Elephant drilling database records. Results of the program appear in Table 9.4. A hand-held Garmin GPS unit was used to collect location data and all values were recorded in UTM Zone 19 (South) WGS-84 coordination. Coordinates show easting variations between 0 and 6 m, northing variations between 0 and 20 m, and elevation variations between 12 and 22 m. Silver Elephant advised that original collar coordinates were collected using a Total Station GPS instrument which has higher accuracy than the handheld device used.

Report author Dr. Arce is of the opinion that the drill hole coordinate checking program produced satisfactory results and that no substantive issues regarding hole locations for the recent Silver Elephant program were identified.

Table 9.4: Drill Collar Coordinate Checking Program Results*

Hole Number	Database Easting (m)	Database Northing (m)	Database Elevation (m)	Site Visit Easting (m)	Site Visit Northing (m)	Site Visit Elevation (m)
PND-110	739884	7750247	4274	739887	7750247	4296
PND-112	739821	7750570	4274	739821	7750550	4289
PUD-283	740116	7744469	4336	740122	744463	4355
PUD-284	740373	7744512	4266	740371	7744518	4278

*UTM Zone 19 South WGS-84 coordination

During the site visit detailed discussions were also held with Silver Elephant staff with respect to sample preparation, analysis and security protocols relating to the 2020 drilling program. These are detailed in Arce (2020) and specific results are included in Section 8 of this report.

Report author Dr. Arce is of the opinion that results of the site visit as described in the related report (Arce, 2020) and fully represented above in this TRS, acceptably confirm data and information provided by Silver Elephant with respect to the 2019-2020 core drilling program and included in the current mineral resource estimates. To the extent assessed, approaches and protocols applied by Silver Elephant during their recent drilling programs are considered to reflect current industry standards and adequately support the geological interpretations, validate the analytical and database quality, and support the use of the data in the current mineral resource estimates for the Pulacayo Project.

10.0 Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing programs have been completed for the Pulacayo or Paca deposits by Silver Elephant. Any historical mineral processing and metallurgical testing programs by previous operators of the Pulacayo Project are discussed in Section 5 of this TRS.

11.0 Mineral Resource Estimates

11.1 Summary

The definition of mineral resources and associated mineral resource categories used in this TRS are based on the Canadian National Instrument 43-101 (NI 43-101) standards and defined in the CIM Definition Standards for Mineral Resources and Mineral Reserves (adopted May 2014). Mineral Resources are classified based on the density of the drill hole data, the continuity of the mineralized zones, and determining reasonable prospects for economic extraction. The mineral resource classification used in this TRS complies with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300 (SEC, 2018). Assumptions, metal threshold parameters, and deposit modeling methodologies associated with the Pulacayo and Paca deposits mineral resource estimates are presented below in Sections 11.2 through 11.3.

The mineral resource estimate for the Pulacayo Project consists of separate contributing mineral resource estimates for the Pulacayo and Paca deposits and was prepared and reviewed by report authors and Qualified Persons M. Harrington, P.Geo. and M. Cullen, M.Sc. P.Geo., both of Mercator. Mr. Harrington is responsible for the Pulacayo Project mineral resource estimates both with an effective date of October 13, 2020. Geovia Surpac® Version 2020 was used to create the Pulacayo Project block models and associated geological and grade solids, and to interpolate silver-zinc-lead grades. A tabulation of the mineral resources for the Pulacayo Project is presented below in Table 11.1.

11.1.1 QP Initial Assessment - Reasonable Prospects For Economic Extraction

Report author M. Harrington concludes that the mineral resource estimates disclosed in this TRS for the Pulacayo Project (Pulacayo and Paca deposits) have reasonable prospects for economic extraction based on the following technical and economic factors:

- Pit Constrained mineral resources were defined for each deposit within optimized pit shells developed using Geovia Whittle software utilizing the Pseudoflow algorithm;
- Sulphide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and general and administration (G&A) costs at US\$12.50 per tonne processed, and haulage costs at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;

- Oxide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3-year trailing average Ag price of US\$16.45/Troy oz. ending in July 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Coeur Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3-year trailing averages ending in July 2020. Silver price used for oxide zone mineral resources is US\$17/oz Ag based on the same factors discussed above;
- Metal recoveries of 89.2% Ag, 91.9% Pb, and 82.9% Zn for sulphide zone mineral resources and 80% Ag recovery for the oxide zone mineral resources were used and reflect historical metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 Feasibility Study by TWP (Porter et al. 2013);
- Pit Constrained sulphide mineral resources are reported at a cut-off grade value of 30 g/t silver equivalent (AgEq – refer to metal equivalent calculation in Section 11.1.2) within optimized pit shells;
- Pit Constrained oxide mineral resources are reported at a cut-off grade value of 50 g/t silver (Ag) within optimized pits shells;
- Pit Constrained cut-off grades are based on total operating costs and reflect reasonable prospects for economic extraction using conventional open-pit mining methods; and
- Out of Pit mineral resources are reported external to the optimized pit shells at a cut-off grade of 100 g/t AgEq. Out of Pit mineral resources are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long-hole stoping techniques based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Table 11.1: Pulacayo Project Mineral Resource Estimate – Effective Date: October 13, 2020*

Pit Constrained Mineral Resources								
Deposit(s)	Cut-off Grade	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	AgEq g/t
Pulacayo	50 Ag g/t	Oxide	Indicated	1,090,000	125			
			Inferred	25,000	60			
	30 AgEq g/t	Sulfide	Indicated	24,600,000	76	0.70	1.63	156
			Inferred	745,000	82	0.61	1.79	164
Paca	50 Ag g/t	Oxide	Indicated	1,095,000	185			
			Inferred	345,000	131			
	30 AgEq g/t	Sulfide	Indicated	20,595,000	46	0.67	1.07	106
			Inferred	3,050,000	46	0.65	0.76	94
Out of Pit Mineral Resources								
Pulacayo	100 AgEq g/t	Sulfide	Indicated	660,000	268	0.44	1.35	307
			Inferred	900,000	179	0.42	2.14	257
Combined Pit Constrained and Out of Pit Mineral Resources**								
Pulacayo and Paca	50 Ag g/t	Oxide	Indicated	2,185,000	155			
			Inferred	370,000	126			
	30/100 AgEq g/t	Sulfide	Indicated	45,855,000	65	0.69	1.37	136
			Inferred	4,695,000	77	0.60	1.19	136

* See detailed notes on mineral resources are shown in Sections 11.2.13 and 11.3.12

** “Combined Pit Constrained and Out of Pit Mineral Resources” for the Pulacayo Project is the tonnage-weighted average summation of the Pulacayo Deposit Pit Constrained and Out of Pit mineral resources and the Paca Deposit Pit Constrained mineral resource.

11.1.2 Overview of Resource Estimation Procedure for the Pulacayo Project

The Pulacayo deposit mineral resource estimate is based on a three-dimensional block model developed using Geovia Surpac[®] Version 2020 (Surpac) modeling software. It is supported by validated results of 73,016 m of diamond drilling from 244 surface drill holes and 42 underground drill holes completed by ASC, Apogee, and Silver Elephant through various diamond drilling programs completed between 2002 and early 2020, and 6 trenches completed by Apogee in 2011, totalling 606 m. A total of 30,070 drill core samples and 355 trench samples have been assayed from these drilling programs. A total of 9,705 samples occur within the limits of the mineral resource model.

Silver metal equivalents (recovered) were calculated to evaluate combined recovered metal values and to assess areas supporting combined silver-zinc-lead mineralization that may be amenable to open-pit mining methods.

Silver metal equivalent (recovered) was calculated as follows:

$$\mathbf{AgEq\ (g/t)} = (\mathbf{Ag\ (g/t)*89.2\%}) + (\mathbf{Pb\%*(US\$0.95/\ lb.\ Pb\ /14.583\ Troy\ oz./lb./US\$17\ per\ Troy\ oz.\ Ag)*10,000*91.9\%}) + (\mathbf{Zn\%*(US\$1.16/\ lb.\ Zn/14.583\ Troy\ oz./lb./US\$17\ per\ Troy\ oz.\ Ag)*10,000*82.9\%}).$$

Factors contributing to development of this metal equivalency are presented below in Section 11.2.3 and metal price assumptions are presented in Section 11.1.1.

Grade domain solids models were created using both Surpac and Seequent Leapfrog Geo Version® 5.1 (Leapfrog) modelling software from two sets of downhole intercepts that define distributions of higher-grade silver mineralization and associated zinc-lead mineralization enveloped by lower grade silver-zinc-lead mineralization. Intercepts defining higher grade distributions of silver were developed at a minimum width of 3 downhole meters and a minimum average grade of 100 g/t Ag. Intercepts defining lower grade distributions of silver-zinc-lead mineralization were developed at a minimum width of 3 downhole meters and a minimum average grade of 45 g/t AgEq. Resulting solid models range from a few meters to tens of meters in thickness (width) and demonstrate variable continuity along the 1500 m strike length of the modelled deposit that trends at azimuth 280° and shows a 600 m sub-vertical total dip extent. This reflects the orientation and geometry of the principal mineralized TVS structure plus associated secondary structures. A total of 31 separate solid models were developed for definition of higher-grade silver mineralization and a total of 17 separate solid models were developed for definition of lower grade silver-zinc-lead mineralization. Digital terrain models were developed for the topographic surface and solid models were created for both the oxide and sulphide zones.

Downhole 1 m silver-zinc-lead assay composites were developed for the 100 g/t Ag intercepts and for the 45 g/t AgEq. intercepts exclusive of contained intervals from the 100 g/t Ag intercepts. Contributing 1 m assay composites were capped at 2,300 g/t silver, 13% lead, and 15% zinc. Block volumes were estimated from the grade domain solid models using 3 units of sub-blocking for 4mY x 10mX x 10mZ blocks. Block volumes intersecting the 100 g/t Ag grade domain solid models were coded as “HG” for “high grade”. Block volumes intersecting the 45 g/t AgEq grade domain solid models, excluding blocks previously coded as “HG”, were coded as “EQ”. A digital model of underground workings was used to estimate volume depleted from historic deposit mining. Intersecting block volumes within the underground workings solid model were excluded from grade interpolation and coded as “mined” (fill).

Ordinary kriging (OK) grade interpolation was used to estimate silver, lead and zinc block grades and was constrained to blocks coded from the interpreted silver-zinc-lead grade domain wireframes using multiple independent search ellipsoid passes and independent 1 m down hole assay composites. Search ellipsoid orientations for silver interpolation passes conformed to a general trend of azimuth 280° with a 50° major axis plunge and sub-vertical dip. Search ellipsoid orientations for zinc and lead interpolation passes conformed to a general trend of azimuth 280° and sub-vertical dip with a major axis oriented in the down-dip direction. Search ellipsoid orientations for all interpolation passes were modified to accommodate local variations in the distribution of mineralization. Silver, zinc, and lead grade interpolations were completed independently and constrained to block volumes using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and number of composites required to assign block grades. Grade domain boundaries were set as hard boundaries for grade estimation purposes and grade interpolation was restricted to the 1 m capped assay composites associated with the drill hole intercepts assigned to each deposit area solid. Adjacent interpolation domain areas within a grade domain zone or solid were assigned soft domain boundaries for grade estimation purposes.

A specific gravity model was interpolated using inverse distance squared (ID^2) methods from 1 m downhole specific gravity composites using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and number composites required to assign block density. A total of 29,344 density determinations are present in the drill hole database with 8,668 occurring within the limits of the grade domain solid models.

Pit Constrained mineral resources were defined within a base case optimized pit shell. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$0.50 per tonne. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used. Parameters contributing to selected metal prices are presented in Section 11.1.1. Metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Optimization was constrained to a maximum elevation of 4000 m asl (maximum depth of approximately 400 m below surface). The optimized pit supports a 12.3:1 strip ratio with average pit slopes of 45°.

Pit Constrained sulphide mineral resources are reported at a cut-off value of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide mineral resources are reported at a cut-off value of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs and are considered to reflect reasonable prospects for economic extraction using conventional open pit mining methods. Out of Pit mineral resources are reported external to the optimized pit shell at a cut-off grade of 100 g/t Ag Eg. They are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long hole stoping based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Indicated mineral resources for the Pulacayo deposit are defined as all blocks with interpolated silver grades from the first or second interpolation passes that meet the specified Pit Constrained or Out of Pit cut-off grades.

Inferred mineral resources for the Pulacayo deposit are defined as all blocks with interpolated silver grades from the first, second, and third interpolation passes that were not previously assigned to the Indicated category and which meet the specified Pit Constrained or Out of Pit cut-off grades.

11.1.3 Overview of Resource Estimation Procedure for Paca Deposit

The Paca deposit mineral resource estimate is based on a three-dimensional block model developed using Geovia Surpac® Version 2020 (Surpac) modeling software. It is supported by validated results of 19,916 m total meters of drilling from 104 surface diamond drill holes (18,995 m) and 6 reverse circulation (921 m) holes completed by ASC, Apogee, and Silver Elephant through various drill programs between 2002 and early 2020, plus 71 underground channel samples completed by Apogee in 2005. A total of 14,399 drill core and drill chip samples have been assayed from these programs. A total of 5,474 samples and 71 underground channel samples occur within the limits of the Paca deposit mineral resource model.

The silver metal equivalent (recovered) factor developed for the Pulacayo deposit was also used for the Paca deposit to evaluate combined metal value and to assess areas supporting combined silver-zinc-lead mineralization that may be amenable to open-pit mining methods. Silver metal equivalency (recovered) was calculated as follows:

$$\text{AgEq (g/t)} = (\text{Ag (g/t)} * 89.2\%) + (\text{Pb} \% * (\text{US}\$0.95 / \text{lb. Pb} / 14.583 \text{ Troy oz.} / \text{lb.} / \text{US}\$17 \text{ per Troy oz. Ag}) * 10,000 * 91.9\%) + (\text{Zn} \% * (\text{US}\$1.16 / \text{lb. Zn} / 14.583 \text{ Troy oz.} / \text{lb.} / \text{US}\$17 \text{ per Troy oz. Ag}) * 10,000 * 82.9\%).$$

Factors contributing to development of this metal equivalency are presented below in Section 11.3.3 and metal price assumptions are presented in Section 11.1.1.

Grade domain solids models were created using both Surpac and Seequent Leapfrog Geo Version® 5.1 (Leapfrog) modelling software from two sets of downhole intercepts that define distributions of higher grade feeder style silver mineralization that occurs within a domain of low grade mantos-style zinc-lead mineralization. Intercepts defining higher grade distributions of silver were defined at a minimum width of 3 downhole meters and a minimum average grade of 100 g/t Ag with associated zinc-lead mineralization. Intercepts defining lower grade distributions of silver-zinc-lead mineralization were developed at a minimum width of 3 downhole meters and a minimum average grade of 45 g/t AgEq. Correlations using the defined minimum grade threshold of 100 g/t Ag within breccia lithologies were created and developed into 2 silver-breccia domain solid models. The main silver-breccia domain is predominantly a sub-horizontal zone that extends along a west-east trend (270° azimuth) for 450 m in strike length along the north contact of the andesite dome. A secondary sub-horizontal trend is also present and extends for about 200 m along an azimuth of 270° from the bottom of the first zone. The main silver-breccia domain ranges from a few metres to tens of metres in thickness and supports several sub-vertical components in addition to the main sub-horizontal grade trends. A satellite breccia domain north of the main zone forms a near surface, sub-horizontal zone trending west-east 250 m in length with widths and thicknesses ranging from several metres to tens of metres. The satellite mineralized breccia domain occurs as a localized zone of breccia lithology within the host clastic-volcaniclastic sediments.

Correlations using the minimum grade threshold of 45 g/t AgEq were created and developed into silver-lead-zinc domain solid models that define two zones of mantos-style mineralization. The primary zone extends 750 m in strike length at an azimuth of 260 to 270° and occurs along the north contact of the andesite and into the clastic-volcaniclastic sediments in the western area of the deposit. This contains thicknesses ranging from several metres to 200 m. The secondary zone forms a near-horizontal, tabular feature extending 400 m from the andesite dome towards the north into the clastic-volcaniclastic sediments and is approximately 250 m in width (east-west) and several metres to tens of metres in thickness. The two zones merge in the eastern, near surface extent of the primary zone. An additional 4 discrete satellite zones of sub-horizontal mantos-style mineralization were defined below the primary zone and range between 30 and 75 m in west-east extent, 50 to 150 m in north-south extent, and a few meters to 30 m in width. Digital terrain models were created for the topographic surface and quaternary surface and solid models were developed for both the oxide and sulphide zones. Grade domain solid models were constrained below both the topographic and quaternary digital terrain models.

Independent downhole 1 m silver-lead-zinc assay composites were developed for the 100 g/t Ag domain intercepts and for the 45 g/t AgEq domain intercepts exclusive of contained intervals from the 100 g/t Ag intercepts. Contributing 1 m assay composites were capped at 1,400 g/t silver with lead and zinc values uncapped. Block volumes were estimated from the grade domain solid models using 3 units of sub-blocking for 4mY x 10mX x 10mZ blocks. Block volumes intersecting the 100 g/t Ag domain solid models were coded as "HG_AG". Block volumes intersecting the 45 g/t AgEq domain solid models, excluding blocks previously coded as "HG_AG", were coded as "EQ_AG". Block volumes intersecting the 45 g/t AgEq domain solid models, inclusive of blocks previously coded as "HG_AG" and "EQ_AG", were also coded as "EQ_ZN_PB". A digital solid model of Esmeralda adit was used to estimate volume depleted from historic deposit mining. Intersecting block volumes within the Esmeralda adit solid model were excluded from grade interpolation and coded as "mined" (void).

Ordinary kriging (OK) grade interpolation was used to estimate silver, lead and zinc block grades and was constrained to blocks coded from the interpreted silver-zinc-lead grade domain wireframes using multiple, independent search ellipsoid passes and independent 1 m down hole assay composites. Search ellipsoid orientations for silver-zinc-lead interpolation passes generally conform to east-west sub-horizontal trends for the feeder system zones and east-west sub-horizontal to gently north-dipping trends for the two mantos-style zones. Search ellipsoid orientations were modified to accommodate local variations in the distribution of mineralization. Silver, zinc and lead grade interpolation was completed independently and constrained to block volumes using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and the number of composites required to assign block grades. Grade domain boundaries were set as hard boundaries for silver grade estimation purposes and soft boundaries for zinc and silver grade estimation purposes. Grade interpolation was restricted to the 1 m capped assay composites associated with the drill hole intercepts assigned to each deposit area solid. Adjacent interpolation domain areas within a grade domain zone or solid were assigned soft domain boundaries for grade estimation purposes.

An average bulk density of 2.32 g/cm³ or 2.24 g/cm³ was applied to Paca mineral resources based on grade domain solid models. A total of 799 density determinations are present in the drill hole database with 607 occurring within the limits of the grade domain solid models.

Pit Constrained mineral resources were defined for oxide and sulphides zones within a base case optimized pit shell. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$2.00 per tonne. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne,

combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$2.00 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used. Parameters contributing to selected metal prices are presented in Section 11.1.1. Metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. The optimized pit shell supports a 4.3:1 strip ratio with average pit slopes of 45°.

Pit Constrained sulphide mineral resources are reported at a cut-off value of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide mineral resources are reported at a cut-off value of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs and are considered to reflect reasonable prospects for eventual economic extraction using conventional open pit mining methods.

Indicated mineral resources for the Paca deposit are defined as all blocks with interpolated silver grades from the first or second interpolation passes that meet the specified Pit Constrained cut-off grades.

Inferred mineral resources for the Paca deposit are defined as all blocks with interpolated silver grades from the first, second, and third interpolation passes that were not previously assigned to the Indicated category and which meet the specified Pit Constrained cut-off grades.

11.2 Pulacayo Deposit Mineral Resource Estimate

11.2.1 Geological Interpretation Used in Resource Estimation

The Pulacayo deposit is a low-sulphidation epithermal deposit comprised primarily of vein and stockwork hosted silver and base metal mineralization that comprises the TVS mineralized system. TVS mineralization is located on the southern side of the Pulacayo volcanic dome complex, strikes east-west and has near vertical dip in most areas. TVS mineralization is hosted by both volcanic and sedimentary host rocks, with stockworks of narrow veins and veinlets plus disseminations that aggregate up to 120 m in width being typical of mineralized volcanic sections. Deeper sections hosted by sedimentary rocks are characterized by narrower high-grade veins that measure a few meters or less in width. These transition upward into stockwork systems and disseminated zones within the overlying volcanic section.

Mineralization occurs along a 2,700 m strike length of the TVS and has been defined to a depth of approximately 1,000 m below surface. The latter dimension reflects the depth of historic mining. Approximately 450 m of mineralized section occur within the volcanic host section and

550 m occur within the underlying sedimentary sequence. The portion of the TVS defined by ASC-Apogee-Silver Elephant drilling and considered in the current mineral resource estimate has a strike length of approximately 1500 m and extends to an average depth of approximately 450 m below surface (maximum depth of 600 m below surface). Most of the mineral resource area is hosted by andesitic volcanic lithologies.

Minerals of economic significance in the TVS include galena, sphalerite, tetrahedrite and other silver sulfosalts and occur in association with minor occurrences of chalcopyrite and jamesonite. Vein sulphides are commonly accompanied by barite, quartz, pyrite, and calcite and local occurrence of Au has also been described. Veins generally show banded texture and contain semi-massive to massive sulphides. Several moderately west plunging zones of high silver concentration are present in the deposit, along with several smaller and less distinct east-plunging high grade trends.

11.2.2 Data Validation

The drill hole database used and validated for the 2012 and 2015 mineral resource estimates was retained and supplemented with 18 diamond drill holes completed by Silver Elephant in early 2020, totalling 3,277 m with 1,618 core samples. The 2020 mineral resource database contains a total of 73,016 m of diamond drilling from 244 surface drill holes and 42 underground drill holes completed by ASC, Apogee, and Silver Elephant through various drill programs between 2002 and early 2020 and 6 trenches completed by Apogee in 2011, totalling 606 m. A total of 30,070 drill core samples and 355 trench samples have been assayed from these programs. A total of 9,705 samples occur within the limits of the mineral resource model.

A 10% validation program, for a total of 23 drill holes, was completed on the analytical dataset retained from the 2012 and 2015 mineral resource estimates. This validation program was completed in addition to the validation checks completed for the respective mineral resource estimate programs. A validation program was performed for the complete early 2020 Silver Elephant analytical dataset. Validation checks on overlapping intervals, inconsistent drill hole identifiers, improper lithological assignment, unreasonable assay value assignment, and missing interval data were performed on the original 2012-2015 database and 2020 Silver Elephant drill results. Validation checks and checking of analytical entries found no substantive errors and the data was determined to be acceptable for resource estimation purposes.

A total of 10 drill holes for 3.608 m were completed by Silver Elephant on the Pulacayo Deposit during the late 2020 and 2021 period. These drilling programs post-date the preparation of the current mineral resource, effective date of October 13th, 2020, with several drill holes occurring

within the limits of current mineral resources. The QP reviewed these drill core results with respect to previous drilling results and the distribution of current mineral resources and the QP is of the opinion that they demonstrate the same style and character of mineralization. These drilling results are not included in the current mineral resource, however, the QP is of the opinion that they would have no material impact on the current mineral resource estimate for the Pulacayo Project.

11.2.3 Silver Equivalency Calculation

The previously used silver metal equivalent (recovered) calculation was updated with metal pricing reflective of current market conditions. Silver equivalency is based on metal grades, assumed metal recoveries and assumed market pricing (presented in Section 11.1.1 and below) and calculated as:

$$\mathbf{AgEg\ (g/t)} = (Ag\ (g/t) * 89.2\%) + (Pb\% * (US\$0.95 / lb.\ Pb / 14.583\ Troy\ oz. / lb. / US\$17\ per\ Troy\ oz.\ Ag) * 10,000 * 91.9\%) + (Zn\% * (US\$1.16 / lb.\ Zn / 14.583\ Troy\ oz. / lb. / US\$17\ per\ Troy\ oz.\ Ag) * 10,000 * 82.9\%).$$

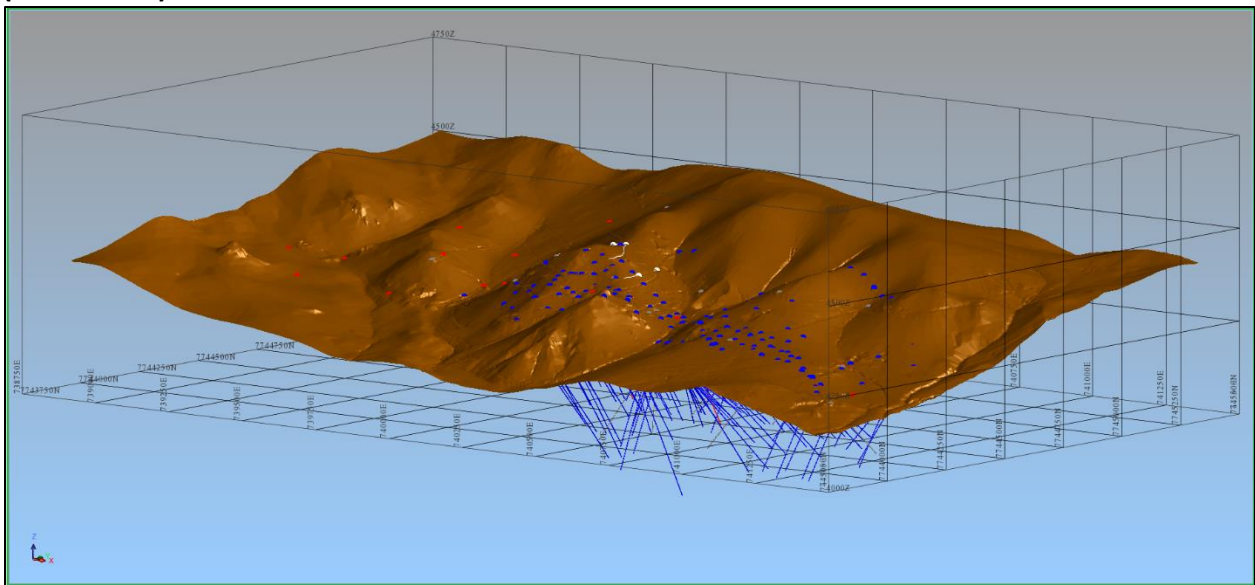
Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3-year trailing average Ag price of US\$16.45/Troy oz. ending in July 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Coeur Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3-year trailing averages ending in July of 2020. Silver price used for oxide zone mineral resources is US\$17/oz Ag based on the same factors discussed above. Metal recoveries of 89.2% Ag, 91.9% Pb, 82.9% Zn used in the silver equivalent equation reflect historical metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 Feasibility Study by TWP (Porter et al. 2013). The silver metal equivalent calculation is only applicable for sulphide zone silver-zinc-lead mineralization. It is a derivative of the Net Smelter Return (NSR) calculation used in the Pulacayo deposit 2012 historical resource estimate and 2013 historical feasibility study and reflects recovered silver equivalent.

11.2.4 Topographic, Oxide-Sulphide, Grade Domain, Lithological, and Underground Workings Modelling

11.2.4.1 Topographic Surface

Apogee carried out a detailed topographic survey in 2008 that generated a high-quality topographic map for an area that measures approximately 2,600 m east-west and 1,600 m north-south over the Pulacayo deposit. The survey used total station survey methods and a series of reflecting prisms to generate a 2 m elevation data set and to pick up additional important features such as roads and shafts. The topographic map is represented as a Surpac digital terrain model (DTM) and is applied as the topographic constraint for mineral resource modelling (Figure 11.1).

Figure 11.1: Isometric View to the Northwest of the Pulacayo Deposit Topographic Surface DTM (250 m Grid)



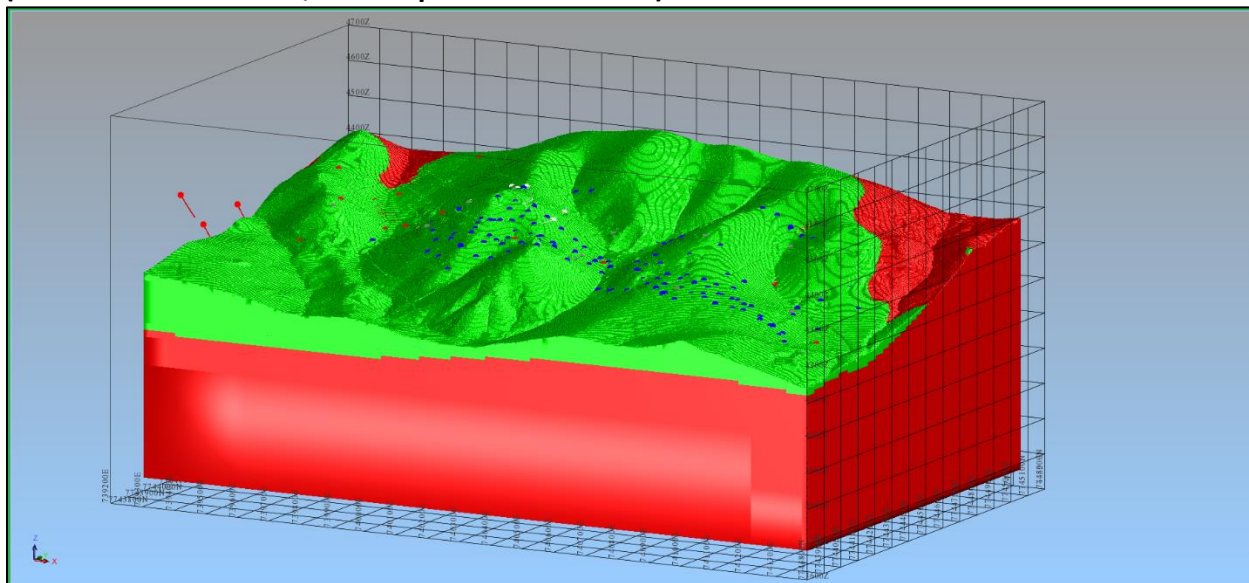
11.2.4.2 Oxide and Sulphide Zones

The Pulacayo deposit is capped by a layer of oxide zone where the original volcanic host rocks plus sulphide mineralization have been altered by deep weathering effects. Economic mineralization of the TVS is observed to continue upward through the oxide-sulphide transition and was the focus of 45 drill holes from the 2011 Apogee drill program.

Oxide zone and sulphide zone solid models were developed in Leapfrog at 5.0 m resolution from drill log intervals. Intervals logged as transition zone were grouped with sulphide zone intervals. Zone solid models were used to code “oxide” and “sulphide” blocks within the block model

(Figure 11.2). The oxide zone ranges from being not present, or undefined, to 50 m or more in thickness across the full topographic area. The oxide zone averages 20 m in thickness above the Pulacayo deposit mineralized zone.

Figure 11.2: Isometric View to the Northwest of the Pulacayo Deposit Oxide-Sulphide Zonation (Blocks: Green – Oxide, Red Sulphide. 100 m Grid)



Silver, lead, and zinc mineralization show depletion in the oxide zone. Zinc assay core results, specifically, are low to anomalous within many oxide areas. However, grade continuity is demonstrated across the oxide-sulphide boundary, notably in silver and lead assay core results. On this basis, the oxide-sulphide boundary was not applied as a hard boundary during grade interpolation.

11.2.4.3 Grade Domain Models

The spatial distribution of volcanic host rocks and sulphide-silver mineralization contributes directly to variability in grade distribution within the Pulacayo deposit, as defined by current drilling. Stringer and disseminated styles of mineralization with locally massive to semi-massive zones are typical of the TVS within the andesitic volcanics. Despite observed deposit scale zonation of all three metals throughout the history of mining, with higher grade silver occurring at middle elevations and increasing base metal values with depth, the TVS can locally be defined by all metals, with silver being the best indicator for economic purposes. The current assessment of sulphide-silver mineralization focuses on defining mineral resources potentially amenable to open pit mining methods while also resolving areas of higher grade that could be amenable to a bulk underground mining scenario.

A set of drill hole intercepts were developed at a minimum width of 3 downhole meters and a minimum grade of 100 g/t Ag to define distributions of higher-grade silver and associated zinc-lead mineralization. The 100 g/t Ag grade domain solid models were first developed in Leapfrog at a 2.5 m resolution and subsequently imported into Surpac and validated for volumization and intercept snapping. Solid models were snapped to the respective intercepts and extended half the distance to a constraining drill hole or 25 m where constraining drill hole data was not present. A total of 31 separate solid models, presented in Figures 11.3 and 11.4, were developed for the definition of higher-grade silver mineralization.

A set of drill hole intercepts were also developed at a minimum width of 3 downhole meters and a minimum grade of 45 g/t AgEq to define distributions of lower grade combined silver-zinc-lead mineralization. The 45 g/t AgEq grade domain solid models were first developed in Leapfrog at a 2.5 m resolution and subsequently imported into Surpac and validated for volumization and intercept snapping. Solid models were snapped to the respective intercepts and extended half the distance to a constraining drill hole or 25 m where constraining drill hole data was not present. A total of 17 separate solid models, presented in Figures 11.5 and 11.6 were developed for definition of lower grade silver-zinc-lead mineralization.

Figure 11.3: Isometric View to the Northeast of the Pulacayo Deposit 100 g/t Ag Domain Solid Models (100 m Grid)

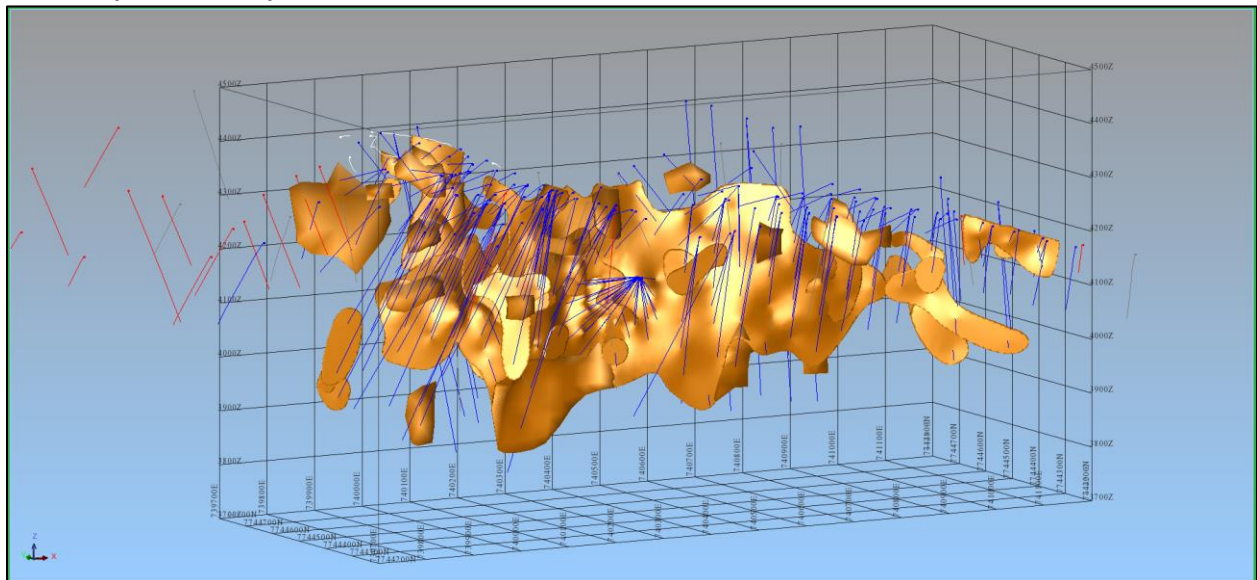


Figure 11.4: Isometric View to the Southwest of the Pulacayo Deposit 100 g/t Ag Domain Solid Models (100 m Grid)

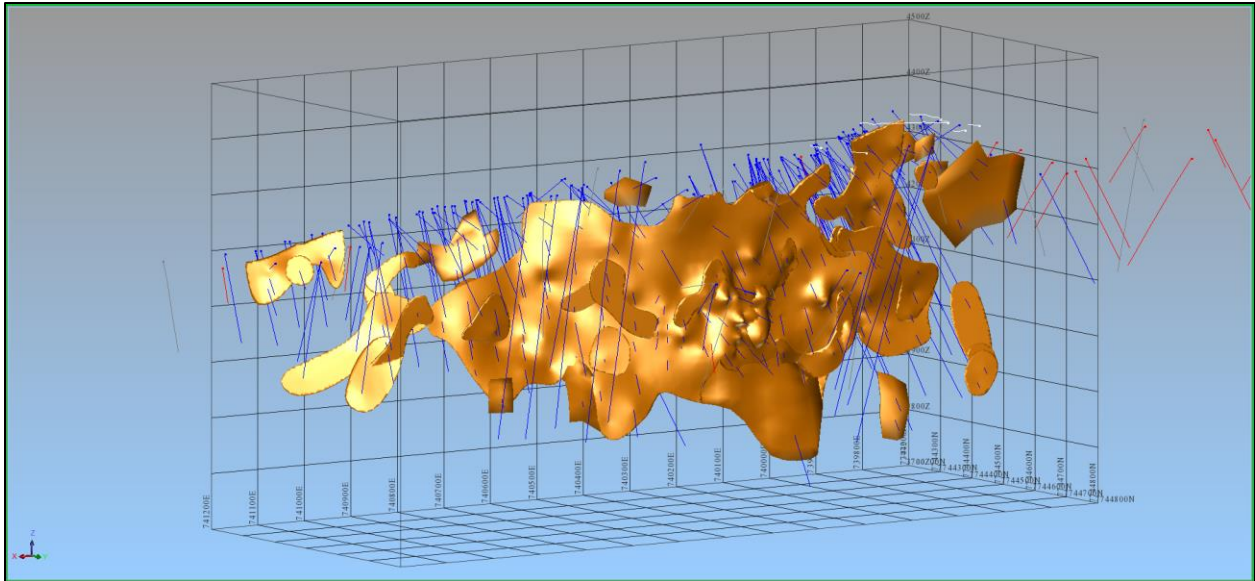


Figure 11.5: Isometric View to the Northeast of the Pulacayo Deposit 45 g/t AgEq Domain Solid Models (100 m Grid)

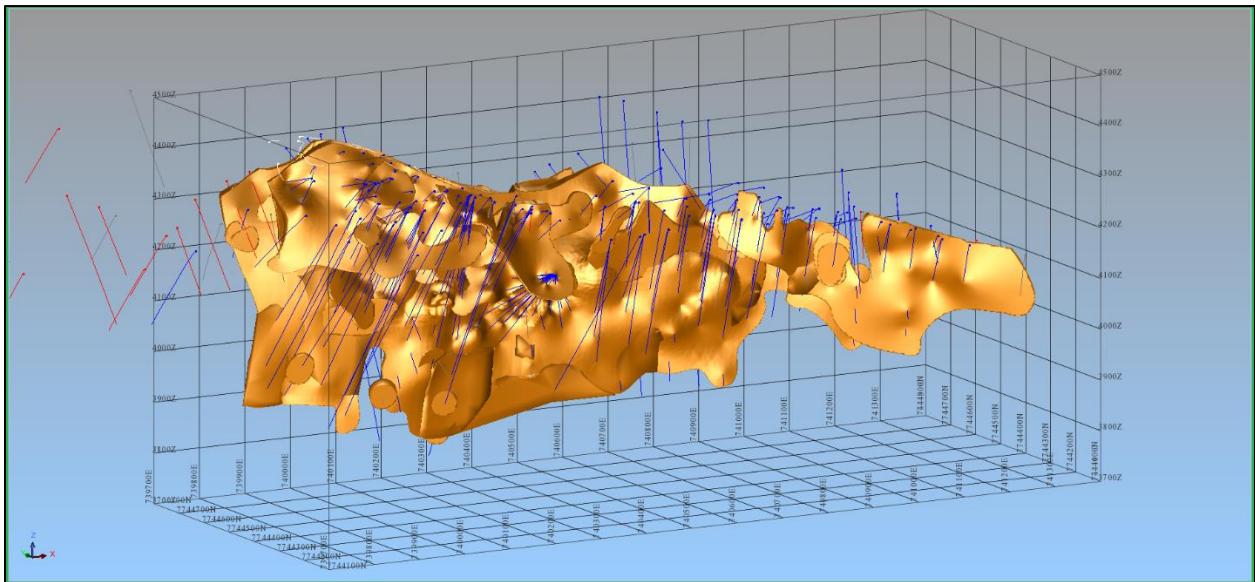
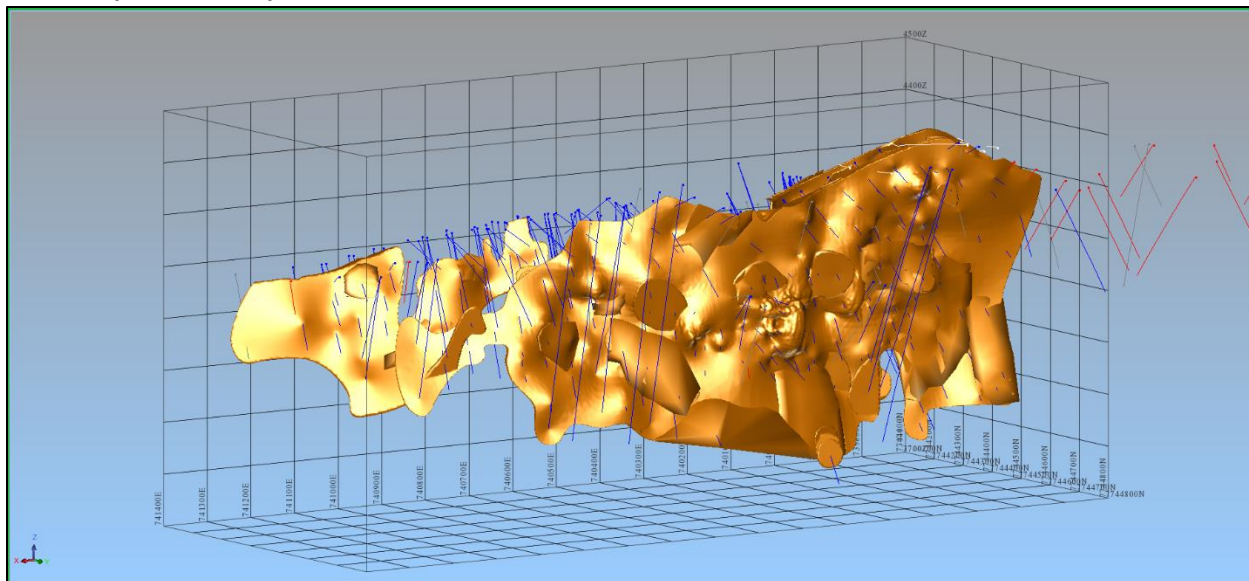


Figure 11.6: Isometric View to the Southwest of the Pulacayo Deposit 45 g/t AgEq Domain Solid Models (100 m Grid)



Resulting 100 g/t Ag and 45 g/t AgEq solid models range from a few meters to tens of meters in true thickness and demonstrate variable continuity along the 1500 m strike length of the modelled deposit that trends at azimuth 280° and shows a 600 m sub-vertical total dip extent. This reflects the orientation and geometry of the principal mineralized TVS structure plus associated secondary structures. The primary domain for each grade assessment commonly shows sequencing of a single narrow vein system at depth in the sedimentary rocks that transitions to a wide stockwork style zone of veins, veinlets and disseminations in the overlying volcanic hosted section. Mineralization becomes more discontinuous and irregular higher up in the volcanic section. The primary domains demonstrate a branching geometry, with multiple offshoots of limited continuity throughout the sequence. Solid models separate from the primary domains may represent local discontinuity at the selected grade thresholds or secondary structures.

The 45 g/t AgEq grade domains solid models envelop the 100 g/t Ag grade domain solid models. Spatial relationship between the two grade assessments provides definition of higher-grade silver-zinc-lead mineralization enveloped by lower grade silver-zinc-lead mineralization.

11.2.4.4 Lithological Model

Drill log lithology entries were grouped to develop a simplified lithological model for the Pulacayo deposit area. Lithologies were grouped as either volcanics, sedimentary, or surficial sediments (unconsolidated sediments and overburden). Lithology solid models were developed in Leapfrog for each grouped lithology unit at 2.5 m resolution and were used to code a lithological

assignment to intersecting blocks not occurring inside grade domain solid models and/or the underground workings solid model.

11.2.4.5 Underground Workings Model

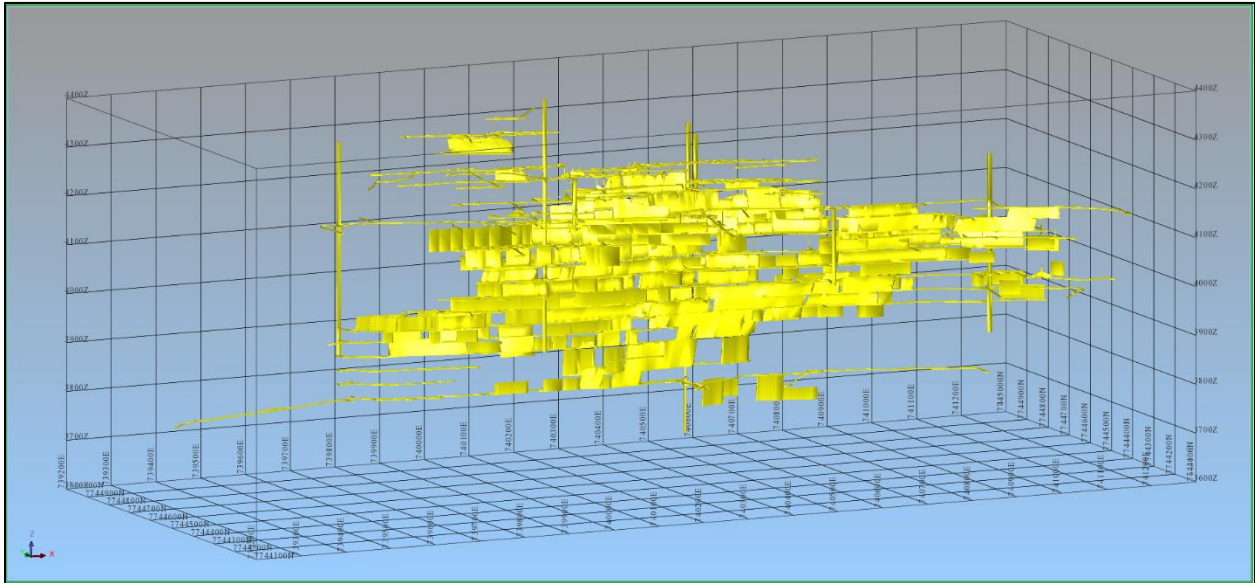
The Pulacayo deposit has an extensive history of mining activity represented by shafts, winzes, level development and stoping. The methodology to estimate volume depleted from historic mining has varied in previous assessments for the deposit. For the current mineral resource estimate, report author M. Harrington has retained and modified the underground workings solid model used in the 2015 historical resource estimate to estimate volume that has been previously depleted.

The first digital model of underground workings for the Pulacayo deposit was created by EPCM Consultores S.R.L (“EPCM”). Report author M. Harrington subsequently upgraded and validated the original model by digitally adding historic underground mining and stoping from archived mine engineering plans for the 2012 historical resource estimate. Digitization assumed complete level to level stoping unless otherwise demonstrated. The upgraded model was used to support an interpolated model from gridded perimeter level plan slices to estimate depleted block volume in the 2012 historical resource estimate. The underground workings model was subsequently re-built by report author M. Harrington for the 2015 historical resource estimate to accommodate a partial percentage block assessment. During the model re-build, an additional 26 stope models were created to reflect continued review of historical plans and longitudinal sections.

Report author M. Harrington reviewed the 2015 underground workings model against drill hole results. In general, the underground workings show acceptable visual correlation with the drill hole database, however, agreement between drill results and the underground workings model is not precise. In many cases, stope and underground workings definition is proximal to a corresponding drill result. This may be attributed to, but not necessarily restricted to, no gradient being applied to the mine level models or other similar inaccuracies in converting historic mine records to digital models. Report author M. Harrington developed an additional 12 stope models for areas where drill hole intersections of workings were not proximal to an underground workings model. These stope models represent a subjective assessment from drill hole results and are not supported by historic documentation for the deposit. During operation of the project Prophecy (Silver Elephant) continued assessment of historic underground workings and provided report author M. Harrington with a digital solid model of additional stopes, development and winzes. This provided definition of approximately 50 additional smaller scale stopes and

associated development. The final 2020 mineral resource underground workings model is presented in Figure 11.7.

Figure 11.7: Isometric View to the Northeast of the Pulacayo Deposit Underground Workings Model (100 m Grid)



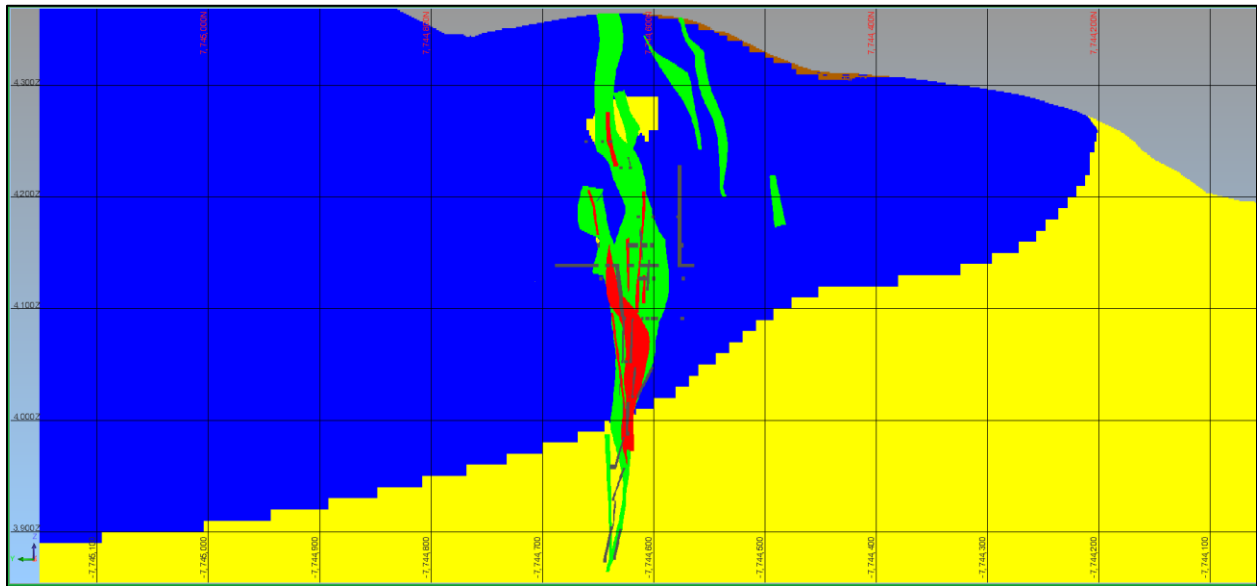
Blocks intersecting the underground workings model were coded “mined” (fill) and were excluded from grade interpolation. Solid volume and corresponding block volume for the underground workings model show an acceptable agreement. As previously discussed, while the overall correlation between the underground workings model and drill hole results is acceptable, local inaccuracy between the underground workings model and drill hole database is present in some areas. On this basis, risks associated with the underground workings model should be accounted for in future economic assessments and mining strategies and continued evaluation of historic mining is recommended. Report author M. Harrington believes that, on a global basis, the current underground workings model provides a reasonable and acceptable assessment of depleted volume from historic mining in the area the mineral resource. The open pit mining strategy considered for the current mineral resource estimate is a mining approach that reduces risk associated with local inaccuracies in the underground working model.

11.2.4.6 Spatial Configuration of Block Volume Assignment from Digital Models

Block volumes occurring above the topographic surface were coded “air” and removed from assessment and coding of “mined” (fill) was subsequently completed. Blocks volumes intersecting the 100 g/t Ag grade domain solid, not previously assigned “air” or “mined”, were coded “HG” and subsequent application of the 45 g/t AgEq grade domain solids coded blocks “EQ” that were not previously assigned “air”, “mined”, or “HG”. Final application of lithological

models assigned lithological assignment to block volumes not previously coded “air”, “mined”, “HG”, and “EQ”. A representative cross section showing spatial relationship of block volume assignment is presented in Figure 11.8. Zonation of oxide and sulphide is overprinted on all block codes excluding “mined” and “air”.

Figure 11.8: Representative Cross Section (Looking East) of the Pulacayo Deposit Block Model Showing Block Volume Assignment (Blocks: Red = 100 g/t Ag Domain, Green = 45 g/t AgEq Domain, Grey = Mined, Light Brown = Surface Sediments, Blue = Volcanics, Yellow = Sedimentary - 100 m Grid)



11.2.5 Assay Sample Assessment and Downhole Composites

Review of sample length statistics for assay records inclusive of the grade domains showed that over 90% have a length of 1.0 m. The minimum and maximum sample length is 0.15 m and 6 m, respectively, and the average sample length of 1.04 m. The Surpac “best fit” option set to a 1 m target value was used for compositing of raw assay values for use in mineral resource estimation. Downhole 1 m silver-zinc-lead assay composites were developed for the 100 g/t Ag domain intercepts and for the 45 g/t AgEq domain intercepts exclusive of contained intervals from the 100 g/t Ag domain intercepts. Assay composites generated outside of a 25% tolerance interval of the nominal length were either manually re-generated or merged with adjacent composites to meet the selection conditions. Unsampled intervals not identified as underground workings were diluted to 0 grade for silver (g/t), zinc (%), and lead (%) during the compositing process. Unsampled intervals identified as underground workings were ignored.

Descriptive statistics for silver, lead and zinc values were calculated for the 1 m assay composite populations and associated grade distribution trends were assessed by means of frequency

histogram, cumulative frequency plots, probability plots, rank/percentile, and decile analysis. Assessment of distribution trends for the 100 g/t Ag domain composite population occur in the vicinity of 2,300 g/t silver, 13 % lead, and 15 % zinc corresponding to the 99.3 percentile, 99.5 percentile, and 99.3 percentile, respectively. These values were reviewed in context of distribution trends for the 45 g/t AgEq domain composite population and provide reasonable control on the respective outlier grade values.

Based on this assessment, a capping factor of 2,300 g/t silver, 13% lead, and 15% zinc was selected for use in the Pulacayo mineral resource estimation program. Capping factors were applied to both the 100 g/t Ag grade domain and 45 g/t AgEq grade domain assay composites. Descriptive statistics for raw and capped assay composite populations are presented below in Table 11.2 and Table 11.3 and show that removal of grade outliers through capping has the effect of reducing the coefficient of variation, standard deviation and variance of the data set. Mean grades decreased by 6 % for silver and by 2 % for lead and zinc between the uncapped and capped 100 g/t Ag domain composite population. Capping factors do not have a notable effect on mean grades for the 45 g/t AgEq composite population.

Table 11.2: Pulacayo Deposit Descriptive Statistics for the 100 g/t Ag Domain Composite Silver, Lead and Zinc Values

Parameter	Raw Composite Values			Capped Composite Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	252.23	1.14	2.13	238.22	1.12	2.1
Maximum Grade	9810.35	26.7	28.5	2,300	13	15
Minimum Grade	0.5	0	0	0.5	0	0
Variance	241,013	3.72	7.78	130,497	3.33	6.62
Standard Deviation	491	1.93	2.79	361	1.83	2.57
Coefficient of Variation	1.94	1.7	1.31	1.52	1.62	1.22
Number of Samples	2,416	2,416	24,16	2,416	2,416	2,416

Table 11.3: Pulacayo Deposit Descriptive Statistics for the 45 g/t AgEq Domain Composite Silver, Lead and Zinc Values

Parameter	Raw Composite Values			Capped Composite Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	24.96	0.51	1.24	24.96	0.5	1.24
Maximum Grade	1200	25	20.2	1200	13	15
Minimum Grade	0	0	0	0	0	0
Variance	2,486	0.84	2.09	2,486	0.75	2.02
Standard Deviation	49.86	0.92	1.44	49.86	0.87	1.42
Coefficient of Variation	1.99	1.81	1.16	1.99	1.72	1.14
Number of Samples	7,752	7,752	7,752	7,752	7,752	7,752

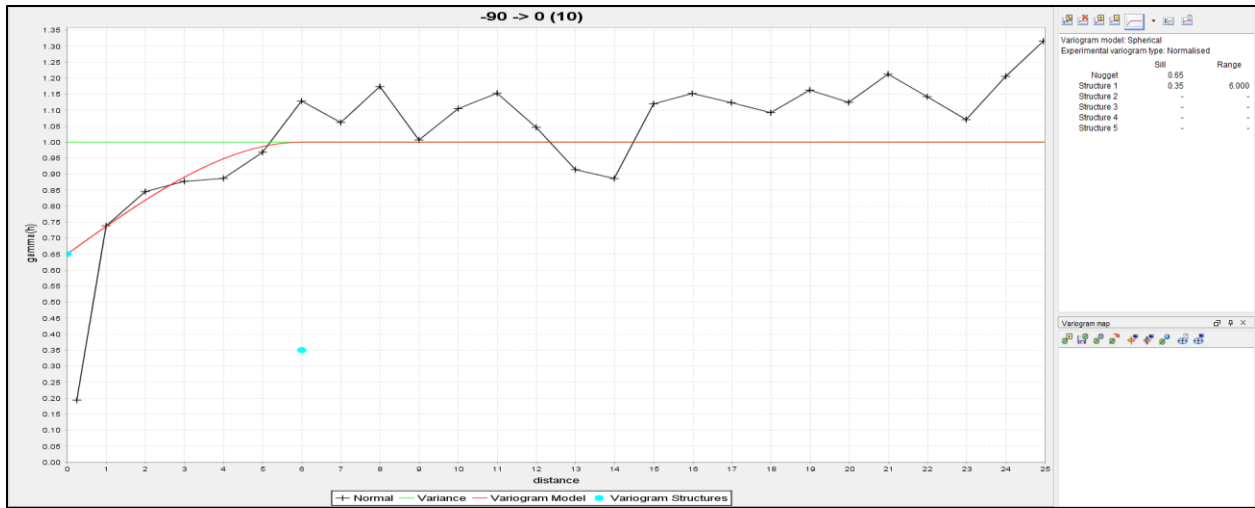
11.2.6 Variography and Interpolation Ellipsoids

Manually derived models of geology and grade distribution provided definition of the primary east-west and sub-vertical trend associated with the TVS. Mineralization is characterized by narrow vein style occurrences in tuffaceous sandstone host rocks at depth that bifurcate into stockwork vein arrays and disseminated mineralization in overlying andesitic volcanics. To assess spatial aspects of grade distribution within this recognized orientation corridor, experimental variograms based on the capped down hole 100 g/t Ag domain composite dataset were assessed for silver, lead and zinc.

11.2.6.1 Silver Variography

Down hole variograms provided definition of a normalized nugget and sill of 0.65 and 0.35, respectively, at a range of 6m (Figure 11.9). Best directional experimental variogram results were developed within a vertical plane trending towards an azimuth of 280° using a spread angle of 20° and spread limit of 40°.

Figure 11.9: Downhole Silver Variogram for the Pulacayo Deposit



Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 100° with a plunge of 50° and a dip of -80° using Surpac’s ZXY LRL axes of rotation convention. Maximum ranges of continuity of 95 m for the primary axis trend, 70 m for the secondary axis trend, and 6 m for the third axis trend, based on the downhole variogram, were defined. Figure 11.10 presents results of the primary variogram assessment and Figure 11.11 presents results of the secondary variogram assessment.

Figure 11.10: Silver Variogram Model for the Major Axis of Continuity for the Pulacayo Deposit

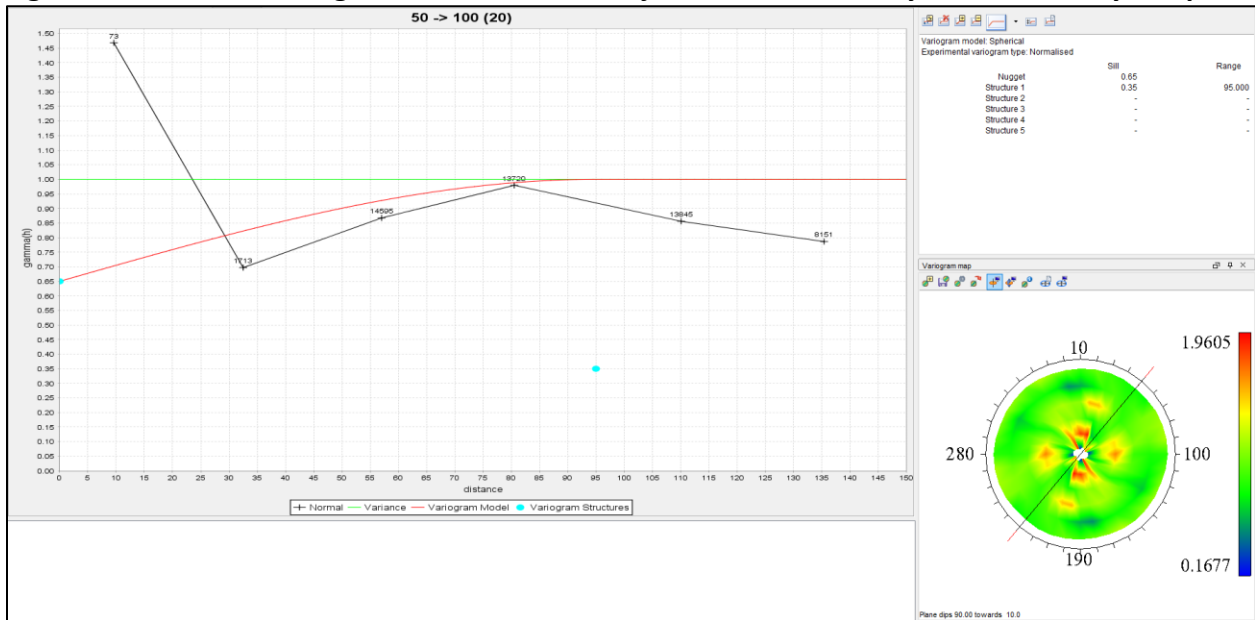
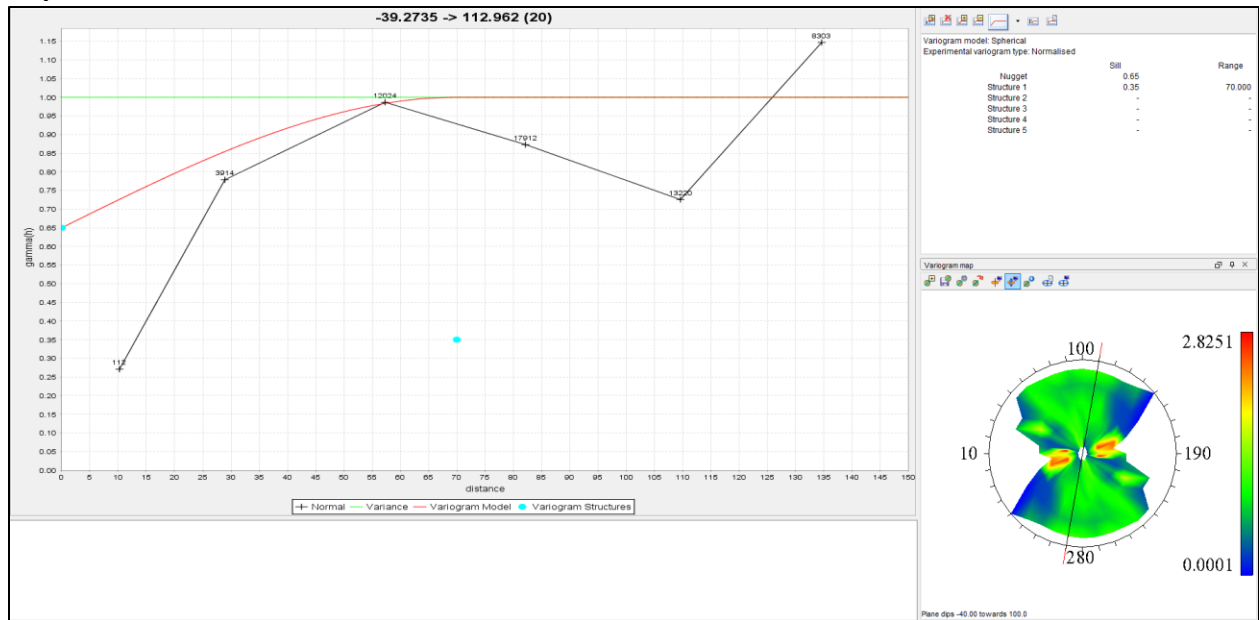


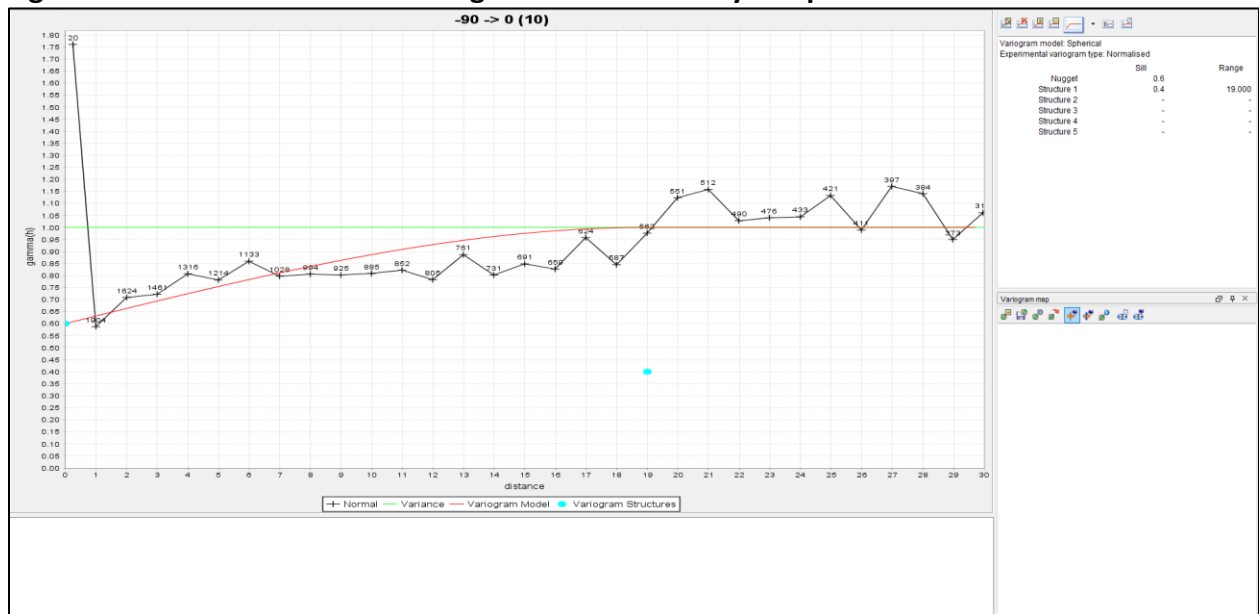
Figure 11.11: Silver Variogram Model for the Semi-Major axis of Continuity for the Pulacayo Deposit



11.2.6.2 Lead Variography

Down hole variograms provided definition of a normalized nugget and sill of 0.60 and 0.40, respectively, at a range of 19 m (Figure 11.12).

Figure 11.12: Downhole Lead Variogram for the Pulacayo Deposit



Best directional experimental variogram results were developed within a vertical plane trending towards an azimuth of 280° using a spread angle of 20° and spread limit of 40°. Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 190° with a plunge of 90° and a dip of 10° using Surpac’s ZXY LRL axes of rotation convention. Maximum ranges of continuity of 80 m for the primary axis trend, 65 m for the secondary axis trend, and 19 metres for the third axis trend, based on the downhole variogram, were defined. Figure 11.13 presents results of the primary variogram assessment and Figure 11.14 presents results of the secondary variogram assessment.

Figure 11.13: Lead Variogram Model for the Major Axis of Continuity for the Pulacayo Deposit

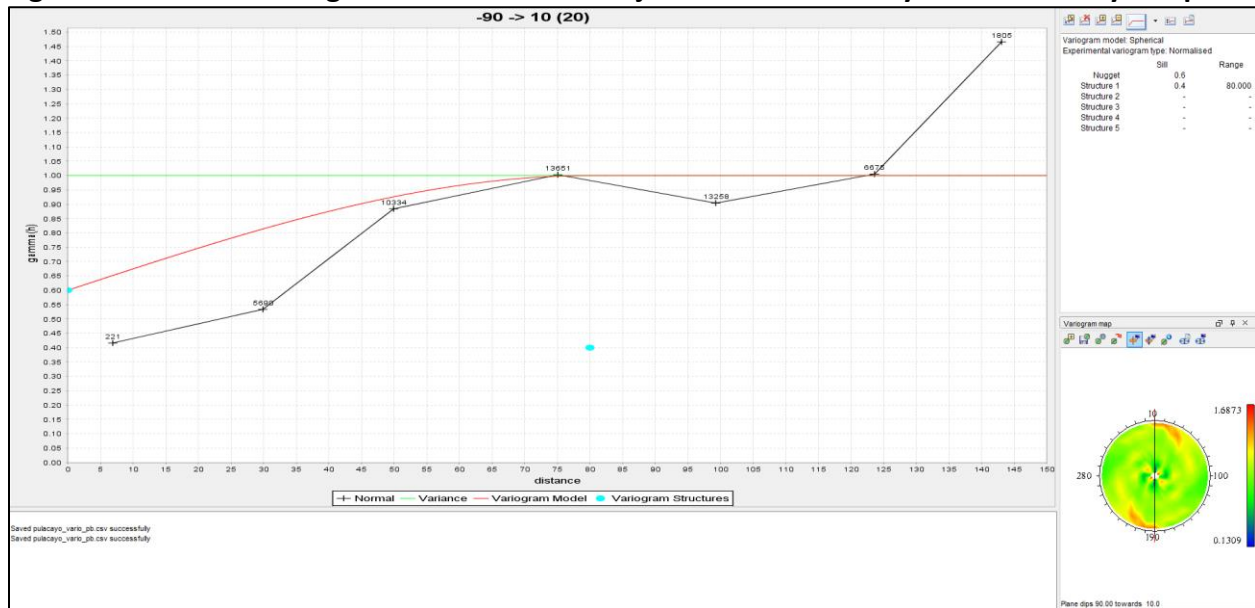
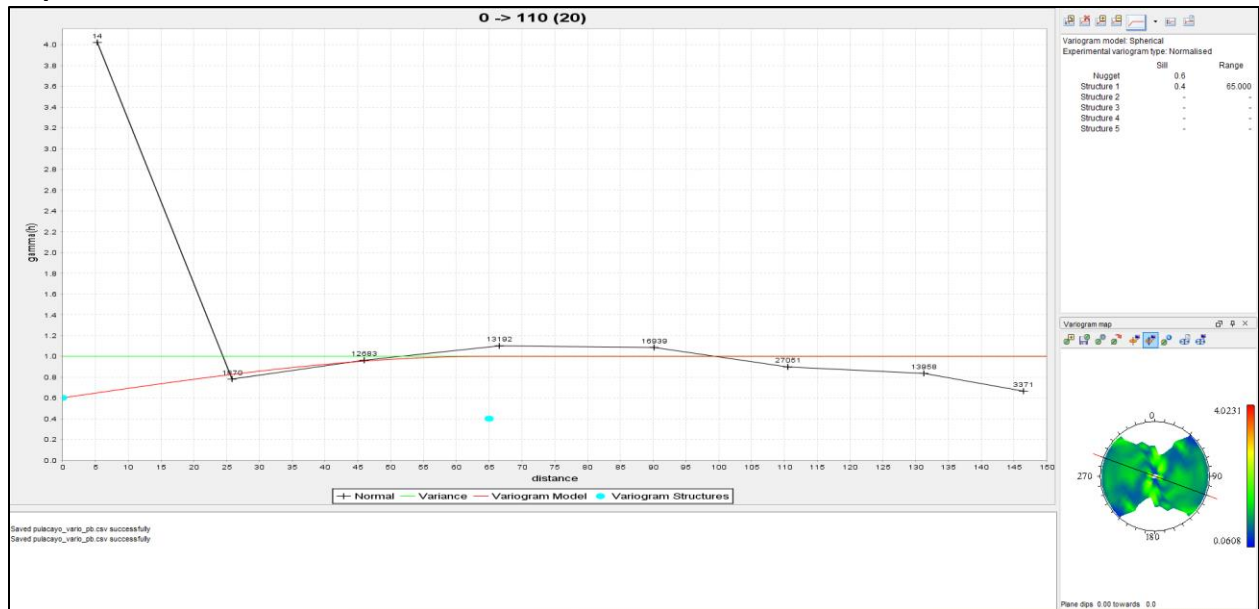


Figure 11.14: Lead Variogram Model for the Semi-Major Axis of Continuity for the Pulacayo Deposit



11.2.6.3 Zinc Variography

Down hole zinc variograms provided definition of a normalized nugget and sill of 0.50 and 0.50, respectively, at a range of 19 m (Figure 11.15).

Figure 11.15: Downhole Zinc Variogram for the Pulacayo Deposit



Best directional experimental variogram results were developed within a vertical plane trending towards an azimuth of 280° using a spread angle of 20° and spread limit of 40°. Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 190° with a plunge of 90° and a dip of 10° using Surpac’s ZXY LRL axes of rotation convention. Maximum ranges of continuity of 90 m for the primary axis trend, 80 m for the secondary axis trend, and 19 m for the third axis trend, based on the downhole variogram, were defined. Figure 11.16 presents results of the primary variogram assessment and Figure 11.17 presents results of the secondary variogram assessment.

Figure 11.16: Zinc Variogram Model for the Major Axis of Continuity for the Pulacayo Deposit

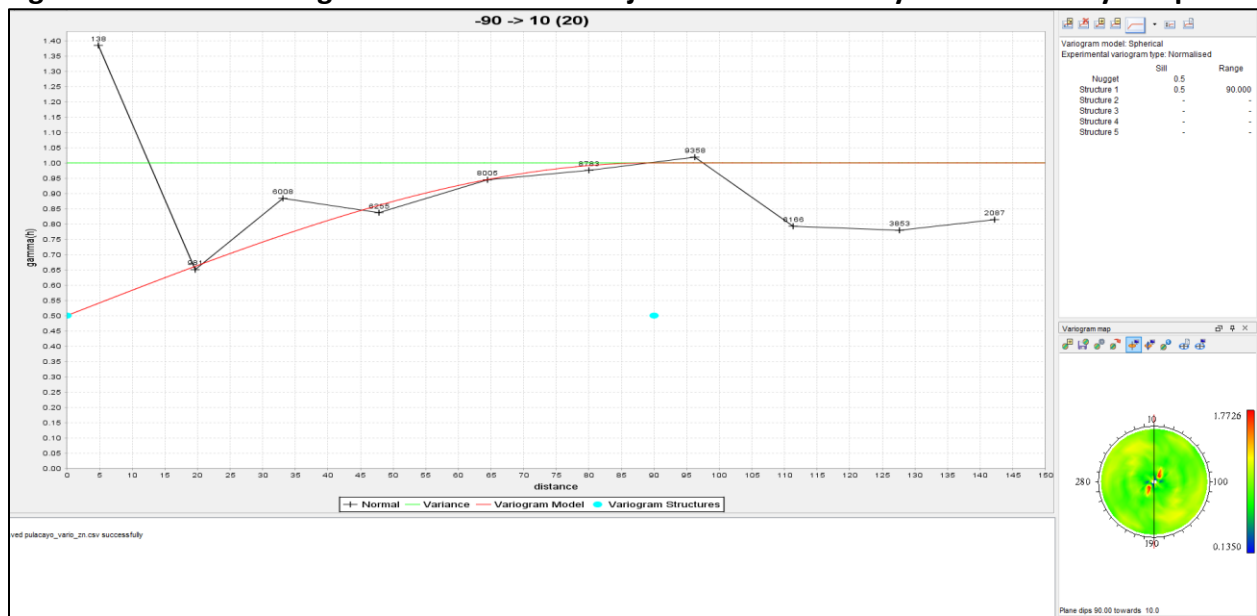
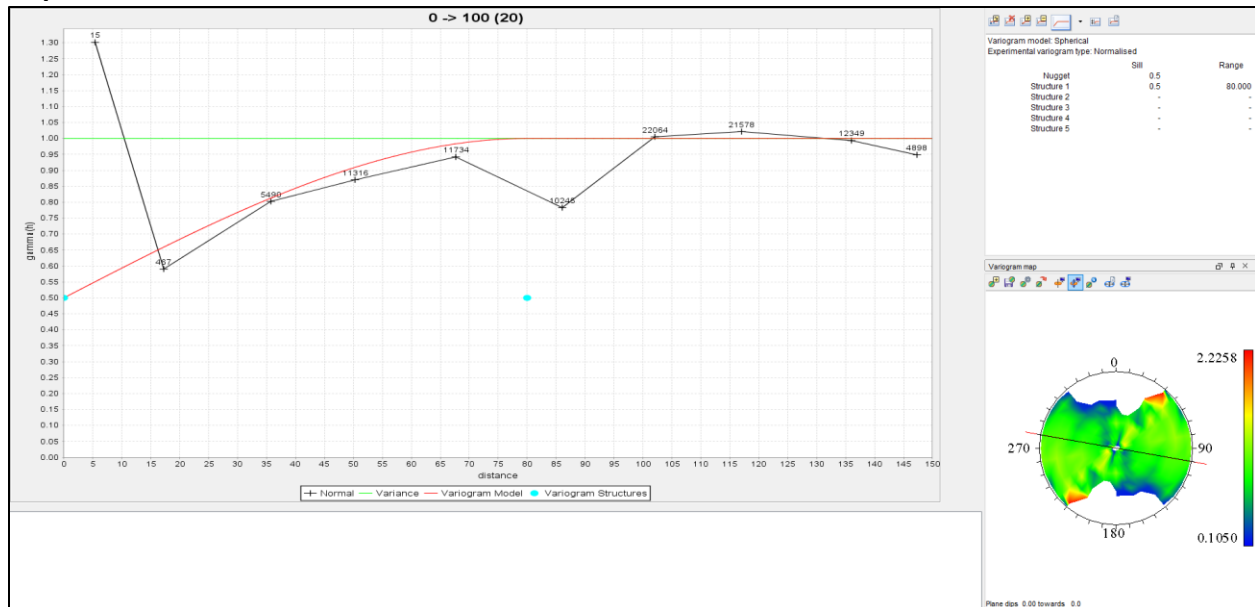


Figure 11.17: Zinc Variogram Model for the Semi-Major Axis of Continuity for the Pulacayo Deposit



11.2.6.4 Interpolation Ellipsoids

Interpolation ellipsoid ranges and orientations were developed through consideration of the variogram models discussed above in combination with geological and grade distribution model interpretations. This approach showed that sulphide-silver grade interpolation ellipsoids for the Pulacayo deposit should have the sub-vertical and east-west striking geometry of the principal mineralized TVS structure plus associated secondary structures. Variogram analysis demonstrated that along this orientation plane, silver grade trends moderately plunge to the west and sulphide grade trends plunge near vertically along the down-dip direction. Application of the orientated axial trends of continuity defined through variography to the geological orientation domain provided definition of the related interpolation ellipsoid axial trends and ranges.

A total of 43 interpolation sub-domains were developed for the 100 g/t Ag domain areas and 32 interpolation sub-domain were developed for the 45 g/t AgEq areas. Interpolation sub-domains were created to accommodate local variations in deposit geometry and to independently assess more restricted occurrences of sulphide-silver mineralization.

11.2.7 Setup of Three-Dimensional Block Model

The Pulacayo deposit block model was developed using WGS84 (Zone 19, South Datum) grid coordination and a sea level elevation datum. No rotation was applied to the model and the grid coordinate extents are defined in Table 11.4. Standard block size for the model is 10 m x 4 m x 10 m (X, Y, Z), with 3 units of sub-blocking applied. The nominal topographic surface as defined by a digital terrain model functions as the upper deposit constraint.

Table 11.4: Summary of Pulacayo Deposit Block Model Parameters

Type	Y (Northing m)	X (Easting m)	Z (Elevation m)
Minimum Coordinates	7,743,900	739,250	3,660
Maximum Coordinates	7,745,152	741,350	4,600
User Block Size	4	10	10
Min. Block Size	0.5	1.25	1.25
Rotation	0	0	0

*UTM WGS 84 – Zone 19 South and sea level datum

11.2.8 Mineral Resource Estimation

Ordinary kriging (OK) grade interpolation was used to assign block silver, lead and zinc grades within the Pulacayo deposit block model from the 1 m capped assay composite datasets. Interpolation ellipsoid orientation and range values used in the estimation reflect a combination of trends determined from the variography and interpretations of geology and grade distribution for the deposit. Block volumes were estimated from solid models using 3 units of sub-blocking. Silver, zinc and lead grade interpolation was completed independently and constrained to block volumes using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and number composites required to assign block grades.

Interpolation pass ranges reflect 50 %, 100 %, and 150 % of the ranges defined from variogram assessment for the first pass, second pass, and third pass, respectively. Minor axis ranges were set at 25 m for all passes to be more inclusive of composites within the primary and secondary ranges and to better accommodate local variations in deposit geometry. Axis ranges are summarized in Table 11.5.

Table 11.5: Pulacayo Deposit Ellipsoid Axis Ranges for Each Interpolation Pass for Each Metal

Metal	Interpolation Pass	Major Range (m)	Semi-Major Range (m)	Minor Range (m)
Silver	1	47.5	35	25
Silver	2	95	70	25
Silver	3	142.5	105	25
Lead	1	40	32.5	25
Lead	2	80	65	25
Lead	3	120	97.5	25
Zinc	1	45	40	25
Zinc	2	90	80	25
Zinc	3	135	120	25

A total of 43 interpolation sub-domains for the 100 g/t Ag domain areas and 32 interpolation sub-domain for the 45 g/t AgEq areas, each with unique interpolation ellipsoids, were applied. Contributing assay composites for block grade interpolation were constrained to a minimum of 9 and a maximum of 12, with no more than 4 composites allowed from a single drill hole for the first interpolation pass, a minimum of 7 and a maximum of 9, with no more than 3 composites allowed from a single drill hole for the second interpolation pass, and a minimum of 1 and a maximum of 4, with no more than 4 composites allowed from a single drill hole for the third interpolation pass. Block discretization was set at 2 (Y) x 2 (X) x 2 (Z).

Grade domain boundaries were set as hard boundaries for grade estimation purposes and grade interpolation was restricted to the 1 m capped assay composites associated with the drill hole intercepts assigned to each deposit area solid. Block volumes coded “HG” and “EQ” formed hard interpolant boundaries and interpolation was restricted to the 1 m capped 100 g/t Ag domain composites for the “HG” coded block volumes and restricted to the 1 m capped 45 g/t AgEq domain composites for the “EQ” coded block volumes. Adjacent interpolation domain areas within a grade domain zone or solid were assigned soft domain boundaries for grade estimation purposes. As previously discussed, block volumes coded as “mined” were excluded from block grade interpolation.

11.2.9 Density

Density determinations were performed systematically by Apogee staff during their operation of the project using the Archimedes method on selected core samples. Results were compiled with corresponding lithologies in a digital spreadsheet and a total of 29,344 mineralized and non-mineralized sample analyses were available for current use, with 8,668 occurring within the limits

of the grade domain solid models. Report author M. Harrington imported these results into the Surpac mineral resource database and normalized the data by developing 1 m down hole composites over the drill hole intervals for 4 separate domains; 1) sulphide zone “HG”, 2) sulphide zone “EQ”, 3) oxide zone “HG”, and 4) oxide zone “EQ”. As with previous assessments, density values from drill hole PUD005 were excluded from the compositing process due to potential erroneous results present. Descriptive statistics for the 4 separate composite populations are presented in Table 11.6.

Table 11.6: Descriptive Statistics for Pulacayo Deposit 1m Downhole Density Composites

Parameter	Density Domain			
	"HG" Sulphide	"HG" Oxide	"EQ" Sulphide	"EQ" Oxide
Mean	2.62 g/cm ³	2.40 g/cm ³	2.34 g/cm ³	2.22 g/cm ³
Maximum	5.42 g/cm ³	2.88 g/cm ³	6.20 g/cm ³	5.54 g/cm ³
Minimum	1.19 g/cm ³	1.76 g/cm ³	1.08 g/cm ³	1.55 g/cm ³
Variance	0.17	0.05	0.11	0.08
Standard Deviation	0.42	0.22	0.33	0.29
Coefficient of Variation	0.16	0.09	0.14	0.13
Number of Composites	1,941	96	6,021	529

A density model was interpolated using inverse distance squared (ID²) methods from 1 m downhole density composites using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and number composites required to assign block density. Interpolation ranges and included composite parameters for each interpolation pass are presented in Table 11.7.

Table 11.7: Interpolation Ellipsoid Ranges and Included Composites Parameters for the Pulacayo Deposit ID² Density Model

Interpolation Pass	Axis Range (m)			Included Composite Parameters		
	Major	Semi-Major	Minor	Minimum	Maximum	Maximum per drill hole
1	50	50	25	9	12	4
2	100	100	25	7	9	3
3	150	150	25	1	4	4

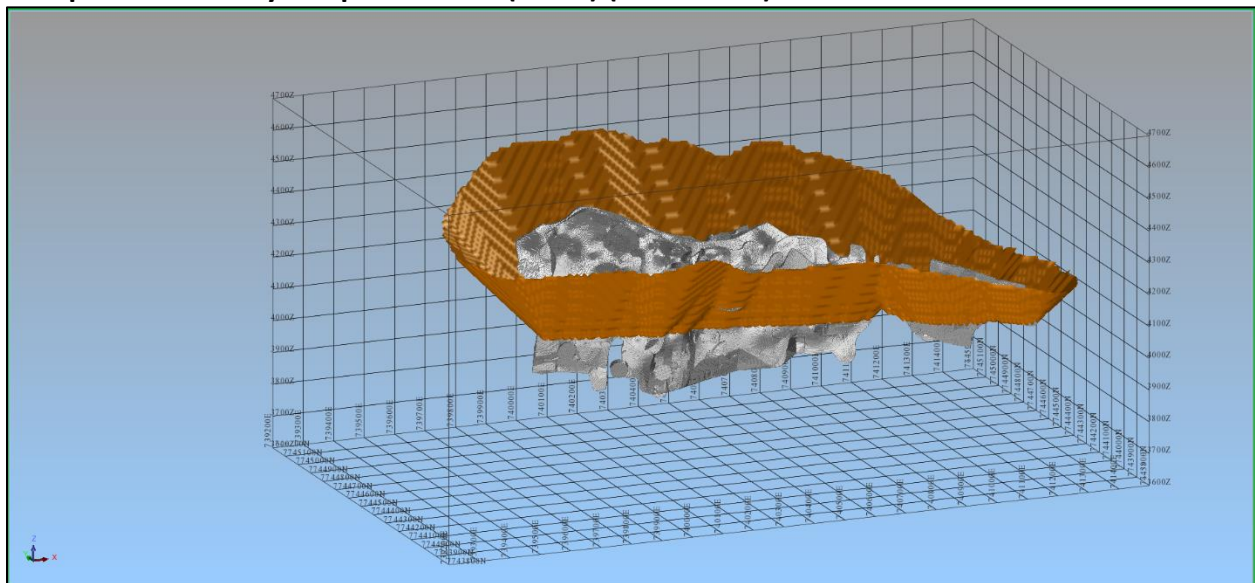
Interpolation sub-domains used in block grade estimation were also used for block density estimation, with additional sub-division for oxide and sulphide zonation, and the respective interpolation ellipsoid orientations were also retained. Density domain boundaries were set as

hard boundaries for density estimation purposes and density interpolation was restricted to the 1 m density composites associated with the drill hole intercepts assigned to each deposit domain zone or solid. Adjacent interpolation domain areas within a density domain zone or solid were assigned soft domain boundaries for density estimation purposes.

11.2.10 Pit Optimization

The Pit Constrained mineral resource was constrained by a base case optimized pit shell developed with Geovia Whittle software utilizing the Pseudoflow algorithm. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$0.50 per tonne. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used and metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Parameters contributing to selected metal prices are presented in Section 11.1.1. Optimization was constrained to an elevation of 4000 m asl (maximum depth of approximately 400 m below surface). The optimized pit supports a 12.3:1 strip ratio with average pit slopes of 45°. The optimized pit shell is presented in Figure 11.18 with the block model representation of interpolation Pulacayo deposit blocks.

Figure 11.18: Pulacayo Deposit Mineral Resource Optimized Pit Shell (Gold) and Extent of Interpolated Pulacayo Deposit Blocks (Silver) (100 m Grid).



11.2.11 Definition of Out of Pit Mineral Resources

Mineralized material that is not included within the optimized pit shell occurs primarily below the bottom of the optimized shell. This material was assessed for its potential for eventual economic extraction using conventional underground mining methods. Due to the steep dips and moderate to broad thicknesses (>3 m) that characterize the majority of mineralization present, it has been assumed for current mineral resource estimate purposes that bulk underground mining methods such as longhole stoping could be applied to such material. A cut-off value of 100 g/t AgEq was selected to define “Out of Pit” mineral resources based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Geological and grade domain solid modelling of deposit results show that strike and dip continuity of mineralized zones typically can be demonstrated over distances of tens to hundreds of meters along individual mineralized trends within the deposit. More detailed assessment of block modelling results shows that AgEq metal grades above the 100 g/t cut-off level show comparable scale spatial continuity. On this basis, they are considered for current mineral resource estimate purposes to have sufficient size and continuity to establish potentially mineable shapes that meet the requirement for reasonable prospects for economic extraction using underground mining methods. On this basis they support definition of “Out of Pit” mineral resources included in the current mineral resource estimate.

11.2.12 Mineral Resource Category Parameters

Definitions of mineral resources and associated mineral resource categories used in this report are those recognized under NI 43-101 and set out in the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014). The mineral resource classification used in this TRS complies with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300 (SEC, 2018). Only Inferred and Indicated mineral resource categories have been assigned to the Pulacayo deposit.

Several factors were considered in defining resource categories, including drill hole spacing, geological interpretations and number of informing assay composites and average distance of assay composites to block centroids. Specific definition parameters for each resource category applied in the current mineral resource estimate are set out below.

Measured Resources: No interpolated resource blocks were assigned to this resource category.

Indicated Resources: Indicated mineral resources are defined as all blocks with interpolated silver grades from the first or second interpolation passes that meet the specified Pit Constrained or Out of Pit cut-off grades.

Inferred Resources: Inferred mineral resources are defined as all blocks with interpolated silver grades from the first, second, and third interpolation passes that were not previously assigned to the Indicated category and meet the specified Pit Constrained or Out of Pit cut-off grades.

Application of the selected mineral resource categorization parameters specified above defined distribution of Indicated and Inferred mineral resource estimate blocks within the block model. To eliminate isolated and irregular category assignment artifacts, the peripheral limits of blocks in close proximity to each other that share the same category designation and demonstrate reasonable continuity were wireframed and developed into discrete solid models. All blocks within these “category” solid models were re-classified to match that model’s designation. This process resulted in more continuous zones of each mineral resource estimate category and limited occurrences of orphaned blocks of one category as imbedded patches in other category domains.

11.2.13 Mineral Resource Estimate for Pulacayo Deposit

Block grade, block density and block volume parameters for the Pulacayo deposit were estimated using methods described in preceding sections of this TRS. Subsequent application of mineral resource category parameters resulted in the Pulacayo deposit mineral resource estimate shown below in Table 11.8. The mineral resource estimate results shown below have an effective date of October 13th, 2020, and are disclosed in accordance with mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300 (SEC, 2018).

Pit Constrained sulphide mineral resources are reported at a cut-off value of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide mineral resources are reported at a cut-off value of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs and are considered to reflect reasonable prospects for economic extraction using conventional open pit mining methods. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used and metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Parameters contributing

to selected metal prices are presented in Section 11.1.1. Optimization was constrained to an elevation of 4000 asl (maximum depth of approximately 400 m below surface). The optimized pit supports a 12.3:1 strip ratio with average pit slopes of 45°.

Out of Pit mineral resources are reported external to the optimized pit shell at a cut-off grade of 100 g/t AgEq. They are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long hole stoping techniques based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Figures 11.19 through 11.24 present isometric views of block grade distributions and block resource categorizations represented in the current mineral resource estimate.

Table 11.8: Pulacayo Deposit Mineral Resource Estimate – Effective Date: October 13, 2020**

Pit Constrained Mineral Resources							
Cut -off	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	*AgEq g/t
50 Ag g/t	Oxide	Indicated	1,090,000	125			
		Inferred	25,000	60			
30 *AgEq g/t	Sulfide	Indicated	24,600,000	76	0.70	1.63	156
		Inferred	745,000	82	0.61	1.79	164
Out of Pit Mineral Resources							
100 *AgEq g/t	Sulfide	Indicated	660,000	268	0.44	1.35	307
		Inferred	900,000	179	0.42	2.14	257
Combined Pit Constrained and Out of Pit Mineral Resources							
50 Ag g/t	Oxide	Indicated	1,090,000	125			
		Inferred	25,000	60			
30/100 *AgEq g/t	Sulfide	Indicated	25,260,000	81	0.69	1.62	160
		Inferred	1,645,000	135	0.51	1.98	215

****Notes:**

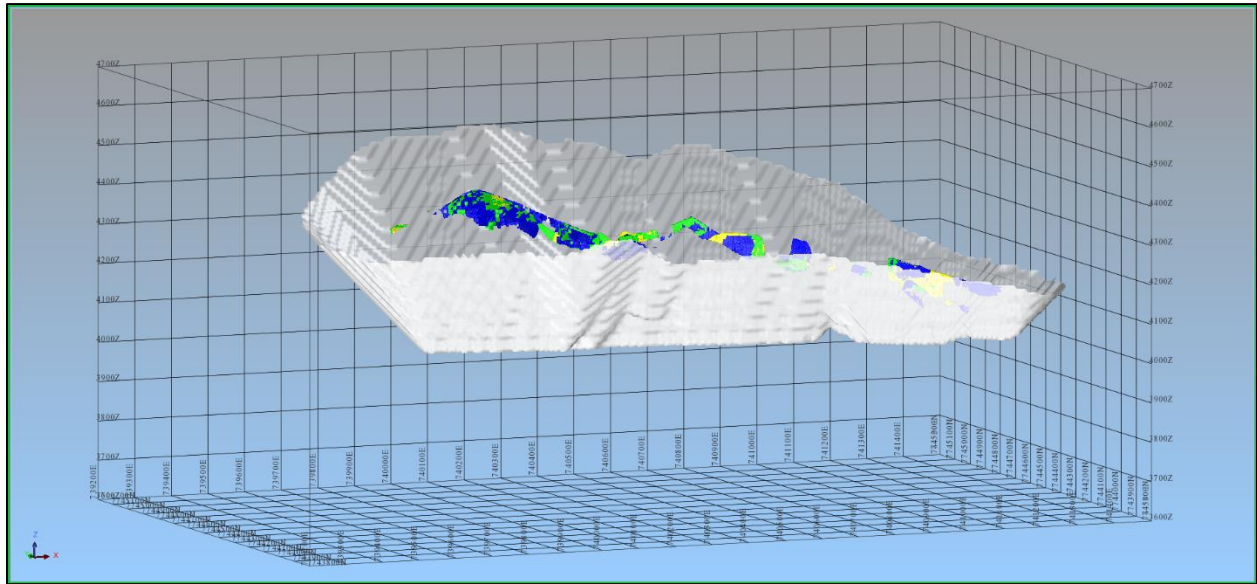
1. Mineral resources were prepared in accordance with NI 43-101 standards and CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) and CIM MRMR Best Practice Guidelines (2019). The mineral resources shown above comply with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300.

2. *AgEq = Silver Metal Equivalent (Recovered) = (Ag g/t*89.2%)+((Pb%*(US\$0.95/lb. Pb/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*91.9%))+((Zn%*(US\$1.16/lb. Zn/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*82.9%)). Sulphide zone metal recoveries of 89.2% for Ag, 91.9% for Pb, and 82.9% for Zn were used in the Silver Equivalent (Recovered) equation and reflect metallurgical testing results disclosed previously for the Pulacayo deposit. A metal recovery of 80% Ag was used for oxide zone mineral resources.

3. Metal prices of US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16 Zn apply. A currency exchange rate of CDN\$1.00 to US\$0.75 applies.

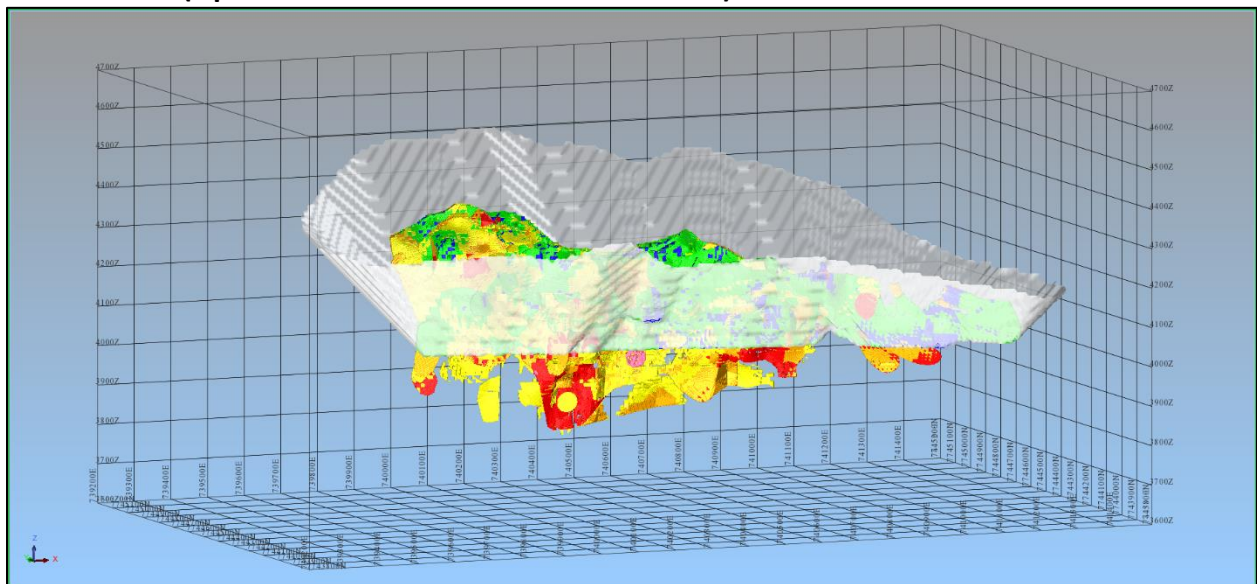
4. Pit Constrained mineral resources are defined within an optimized pit shell with average pit slope angles of 45°. The Pulacayo deposit mineral resource estimate was optimized at a 12.3:1 strip ratio.
5. Base-case sulfide zone pit optimization parameters include: mining at US\$2.00 per tonne; combined processing and G&A at US\$12.50 per tonne processed; and haulage at US\$0.50 per tonne.
6. Base-case oxide zone pit optimization parameters include: mining at US\$2.00 per tonne; combined processing and G&A at US\$23.50 per tonne processed; and haulage at US\$0.50 per tonne.
7. Pit Constrained sulphide zone mineral resources are reported at a cut-off grade of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide zone mineral resources are reported at a cut-off grade of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs used in pit optimization and are considered to define reasonable prospects for economic extraction by open pit mining methods.
8. Out of Pit mineral resources are external to the optimized pit shell and are reported at a cut-off grade of 100 g/t AgEq. They are considered to have reasonable prospects for economic extraction using conventional underground methods such as long hole stoping based on a mining cost of \$35 per tonne and processing and G&A cost of \$20 per tonne processed.
9. Combined Pit Constrained and Out of Pit mineral resources is the tonnage-weighted average summation of Pit Constrained and Out of Pit Pulacayo mineral resources.
10. Mineral resources were estimated using Ordinary Kriging methods applied to 1 m downhole assay composites capped at 2,300 g/t Ag, 13% Pb and 15% Zn.
12. Bulk density was interpolated using Inverse Distance methods.
13. Mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
14. Mineral resource tonnages have been rounded to the nearest 5,000; totals may vary due to rounding.

Figure 11.19: Isometric View to the Northeast of the Pulacayo Deposit Oxide Mineral Resource Estimate Ag Grade Distribution at a 50 g/t Pit Constrained Cut-Off (Optimized Pit Shell is Silver - 100 m Grid).



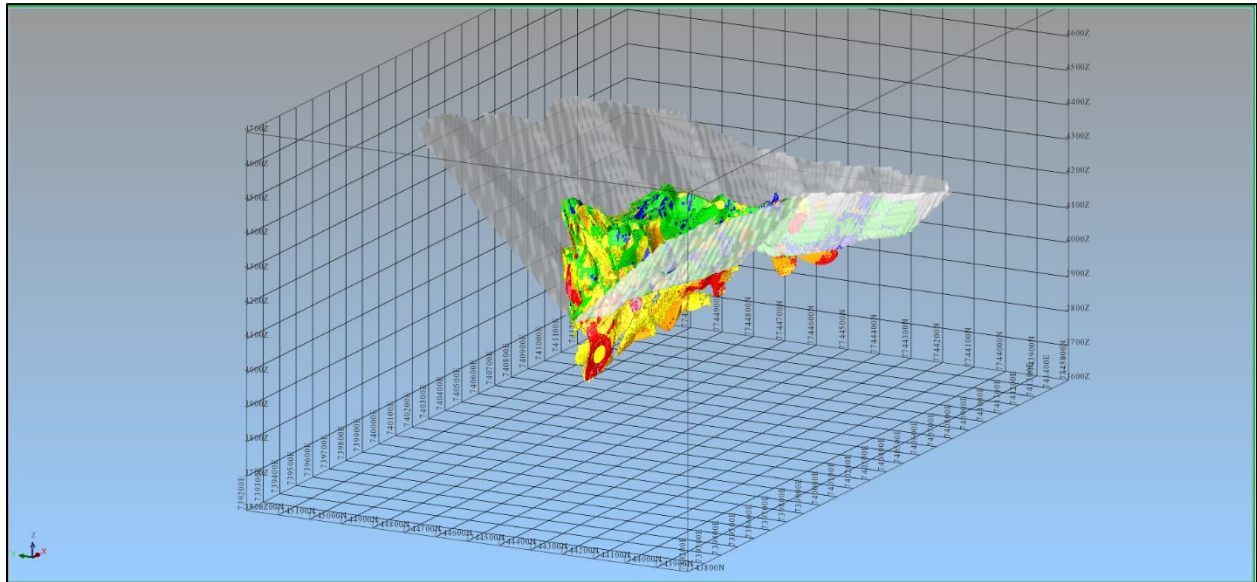
(Ag g/t: Blue 50 – 100 g/t, Green 100 – 200 g/t, Yellow 200 – 400 g/t, Orange 400 – 600 g/t, Red 600 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.20: Isometric View to the Northeast of the Pulacayo Deposit Sulphide Mineral Resource Estimate AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-Off and 100 g/t Out of Pit Cut-off (Optimized Pit Shell is Silver - 100 m Grid).



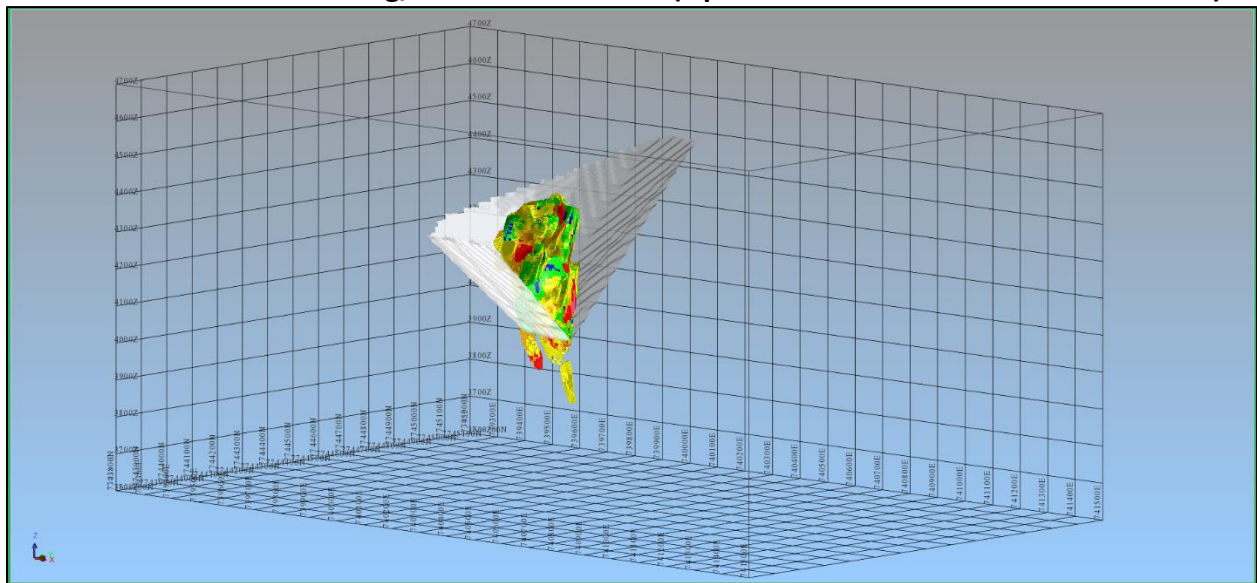
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.21: Isometric View to the Northeast of a Representative Section of the Pulacayo Deposit Sulphide Mineral Resource Estimate AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-Off and 100 g/t Out of Pit Cut-Off (Optimized Pit Shell is Silver - 100 m Grid).



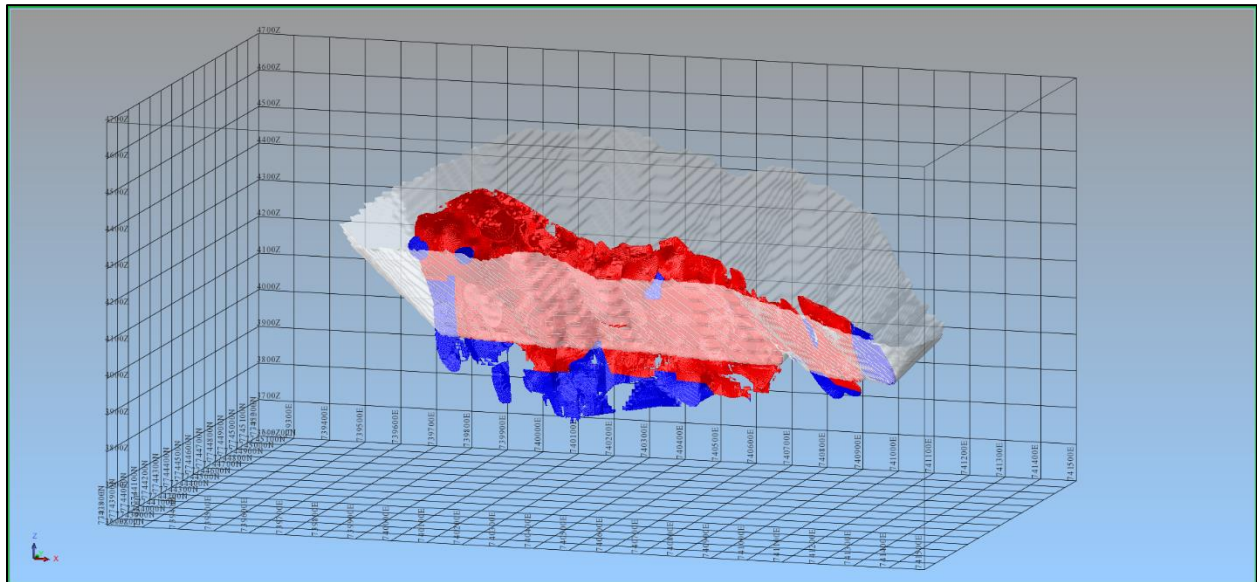
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.22: Isometric View to the Northwest of a Representative Section of the Pulacayo Deposit Sulphide Mineral Resource Estimate AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-off and 100 g/t Out of Pit Cut-Off (Optimized Pit Shell is Silver - 100 m Grid).



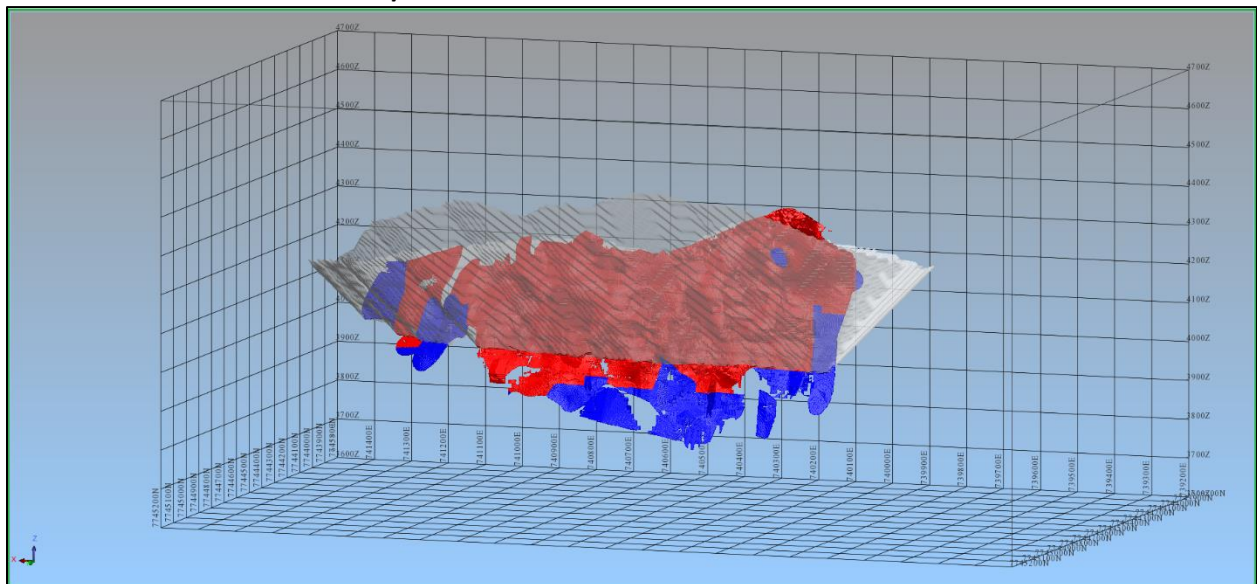
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.23: Isometric View to the Northwest of the Pulacayo Deposit Mineral Resource Estimate Category Distribution at a 30 g/t Pit Constrained Cut-Off and 100 g/t Out of Pit Cut-Off for the Sulphide Zone and a 50 g/t Pit Constrained Cut-Off for the Oxide Zone (Optimized Pit Shell is Silver - 100 m Grid).



(Category: Red – Indicated, Blue – Inferred)

Figure 11.24: Isometric View to the Southeast of the Pulacayo Deposit Mineral Resource Estimate Category Distribution at a 30 g/t Pit Constrained Cut-Off and 100 g/t Out of Pit Cut-Off for the Sulphide Zone and a 50 g/t Pit Constrained Cut-Off for the Oxide Zone (Optimized Pit Shell is Silver - 100 m Grid).



(Category: Red – Indicated, Blue – Inferred)

11.2.14 Validation of Mineral Resource Models

Results of block modeling were reviewed in three dimensions and compared on a section-by-section basis with associated drill hole data. Block grade distribution was shown to have acceptable correlation with the grade distribution of the underlying drill hole data. Silver, lead, and zinc grade descriptive statistics, presented in Table 11.9, were calculated for all interpolated blocks at a zero cut-off value and were compared to the values of the combined assay composite population (100 g/t Ag domain and 45 g/t AgEq domain). Average grades compare favorably between the composite and block populations. As expected, the large block grade population is characterized by lower coefficient of variation, standard deviation and variance values than those of the assay composite population.

Table 11.9: Comparison of Pulacayo Deposit Block and Composite Values

Parameter	Capped Composite Values			Block Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	75.63	0.65	1.45	89.71	0.68	1.5
Maximum Grade	2,300	13	15	1,559	7.03	12.46
Minimum Grade	0	0	0	0	0	0
Variance	41,141	1.432	3.25	15,408	0.6	1.66
Standard Deviation	203	1.2	1.8	124	0.77	1.29
Coefficient of Variation	2.68	1.84	1.25	1.38	1.14	0.86
Number of Samples	10,168	10,168	10,168	4,196,877	4,196,877	4,196,877

Block volume estimates for each mineral resource solid were compared with corresponding solid model volume reports generated in Surpac and results show good correlation, indicating consistency in volume capture and block volume reporting. Report author M. Harrington created swath plots in the easting and vertical directions comparing average composite grades and global mass weighted block grades. Figure 11.25, 11.26, and 11.27 presents an east-west swath plot of the Pulacayo deposit and shows an acceptable correlation between the block and composite grade populations.

Figure 11.25: Pulacayo Deposit East-West Swath Plot of Assay Composite and Block Silver Grades

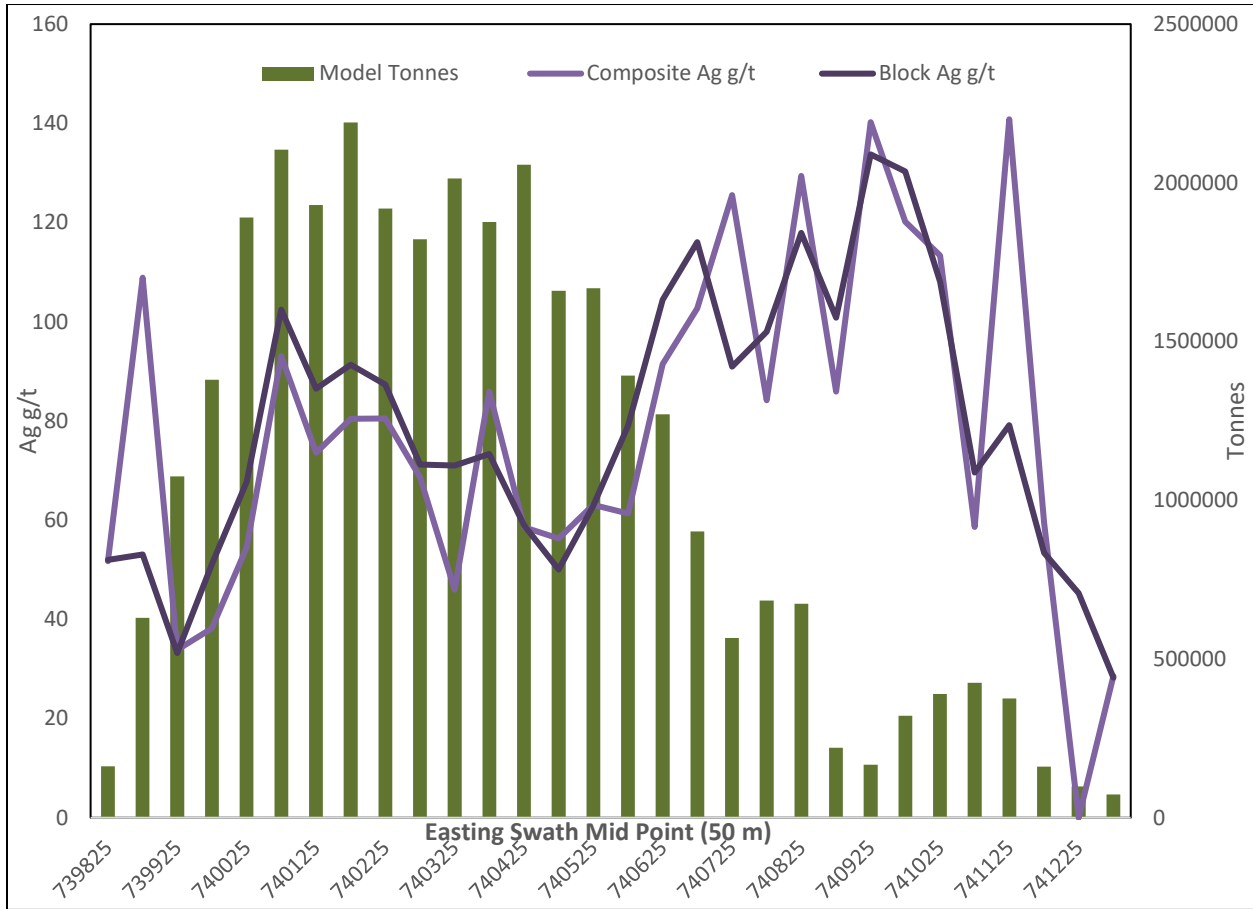


Figure 11.26: Pulacayo Deposit East-West Swath Plot of Assay Composite and Block Lead Grades

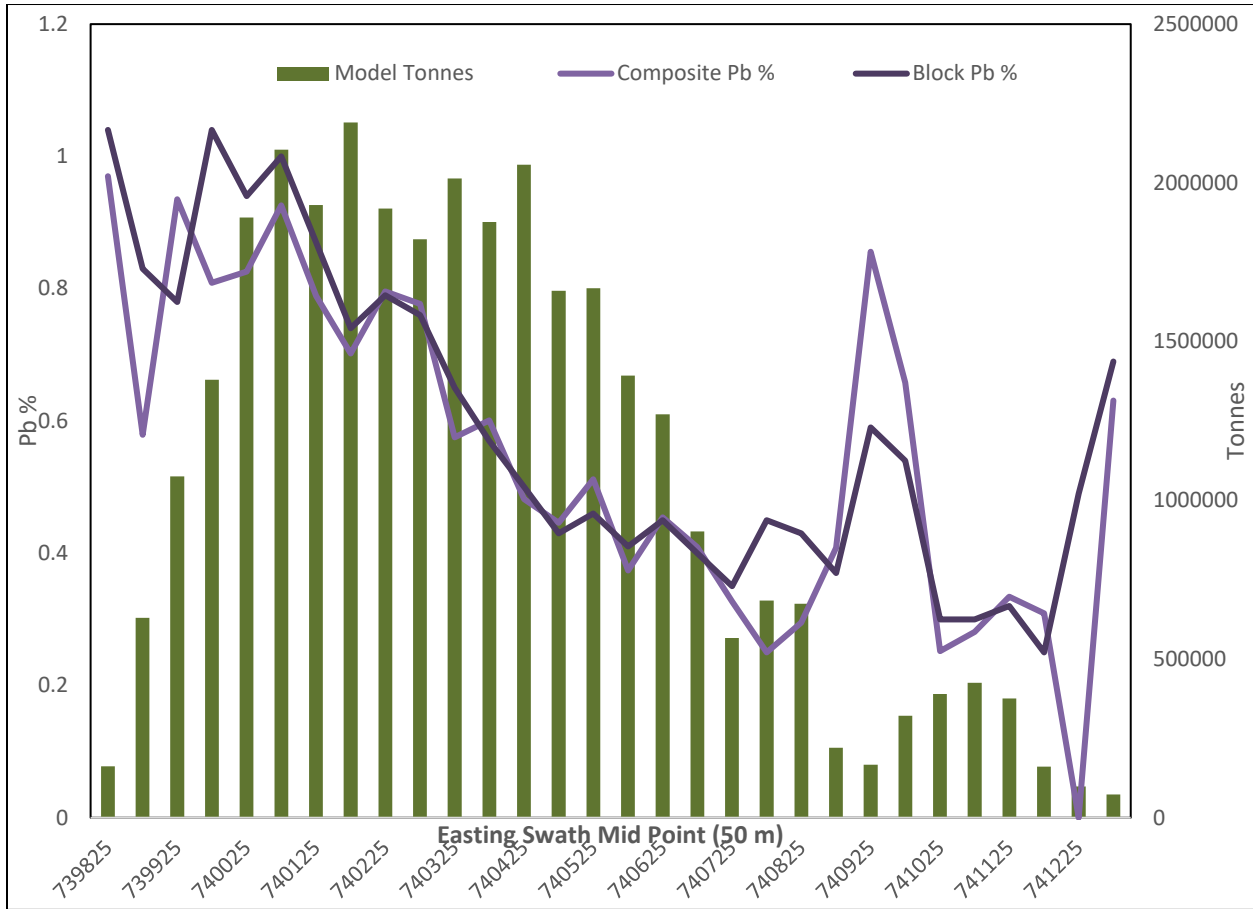
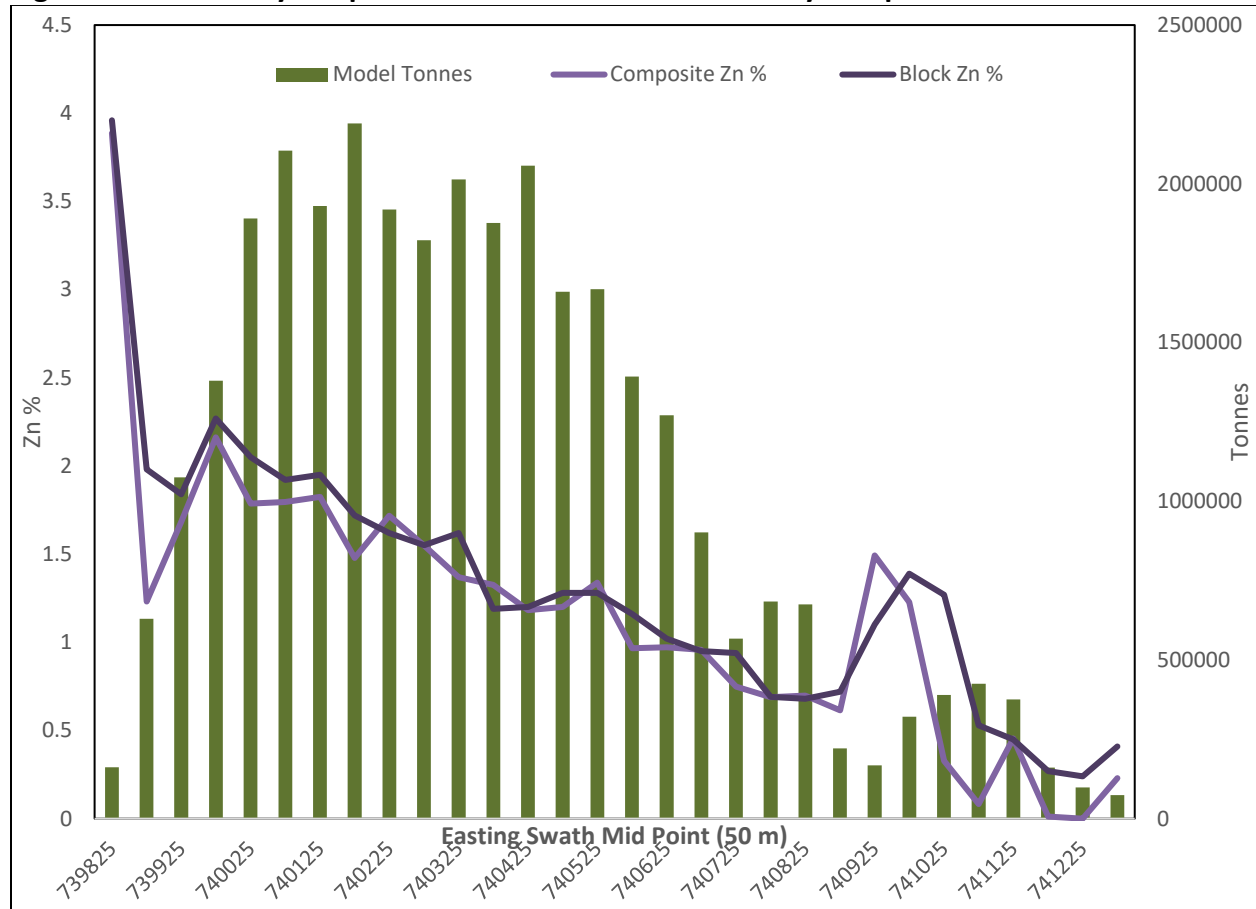


Figure 11.27: Pulacayo Deposit East-West Swath Plot of Assay Composite and Block Zinc Grades



11.2.15 Tonnage and Grade Sensitivity

Tonnages and average grades at various AgEq cut-off grades are presented in Table 11.10 and Table 11.11 for Pit Constrained and Out of Pit sulphide mineral resources. Tonnages and average grades at various Ag cut-off grades are presented in Table 11.12 for Pit Constrained oxide mineral resources. Approximately 95% of the Pit Constrained sulphide mineral resource is retained at a cut-off grade of 60 g/t AgEq, double the mineral resource cut-off grade of 30 g/t AgEq. Similarly, approximately 90% of the Out of Pit sulphide mineral resource is retained at a cut-off grade of 150 g/t AgEq when compared to the mineral resource cut-off grade of 100 g/t AgEq. Significant tonnages are present at higher cut-off grades for Pit Constrained sulphide mineral resources and, when combined with Out of Pit sulphide mineral resources, demonstrate potential for higher grade bulk tonnage underground mining scenarios. Pit Constrained oxide mineral resources demonstrate a high sensitivity to Ag cut-off grade.

Table 11.10: Pulacayo Deposit Pit Constrained Sulphide Zone Sensitivity Analysis

Cut-off Grade (Ag Eg. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	AgEq g/t
15	Indicated	24,710,000	76	0.70	1.62	155
	Inferred	755,000	81	0.60	1.77	162
*30	Indicated	24,600,000	76	0.70	1.63	156
	Inferred	745,000	82	0.61	1.79	164
60	Indicated	20,660,000	88	0.79	1.80	176
	Inferred	665,000	88	0.66	1.95	178
90	Indicated	13,700,000	121	0.99	2.17	227
	Inferred	290,000	154	0.97	3.62	312
150	Indicated	7,295,000	201	1.35	2.59	327
	Inferred	205,000	205	1.15	4.33	391
200	Indicated	5,385,000	249	1.54	2.75	383
	Inferred	180,000	230	1.22	4.57	426
300	Indicated	3,255,000	315	1.88	3.18	471
	Inferred	130,000	286	1.37	4.82	491
400	Indicated	1,860,000	387	2.25	3.62	565
	Inferred	105,000	297	1.46	5.29	521

*Mineral resource Estimate cut-off grade highlighted

Table 11.11: Pulacayo Deposit Out of Pit Sulphide Zone Sensitivity Analysis

Cut-off Grade (Ag Eg. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	AgEq g/t
75	Indicated	880,000	211	0.38	1.34	253
	Inferred	1,250,000	137	0.36	1.92	209
*100	Indicated	660,000	268	0.44	1.35	307
	Inferred	900,000	179	0.42	2.14	257
150	Indicated	530,000	321	0.49	1.3	354
	Inferred	680,000	220	0.46	2.25	300
200	Indicated	435,000	359	0.53	1.41	394
	Inferred	505,000	260	0.54	2.37	343
300	Indicated	290,000	429	0.64	1.63	468
	Inferred	310,000	327	0.72	2.23	403
400	Indicated	180,000	490	0.74	1.93	538
	Inferred	165,000	384	0.99	2.01	455

*Mineral resource Estimate cut-off of grade highlighted

Table 11.12: Pulacayo Deposit Pit Constrained Oxide Zone Sensitivity Analysis

Cut-off Grade (Ag g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %
30	Indicated	1,760,000	92		
	Inferred	35,000	55		
*50	Indicated	1,090,000	125		
	Inferred	25,000	60		
90	Indicated	615,000	171		
	Inferred				
200	Indicated	185,000	250		
	Inferred				

*Mineral resource Estimate cut-off of grade highlighted

11.2.16 Project Risks that Pertain to the Pulacayo Mineral Resource Estimate

All mineral projects are subject to risks arising from various sources. These include, but are not limited to, the following:

1. Political instability of the host country or region;
2. Site environmental conditions that affect deposit access;
3. Issues associated with legal access to sufficient land areas to support development and mining;
4. Lack of certainty with respect to mineral tenure and development regulatory regimes;
5. Lack of social licence for project development;
6. Unforeseen negative market pricing trends;
7. Inadequacy of deposit modelling and grade estimation programs with respect to actual metal grades and tonnages contained within the deposit; and
8. Metallurgical recoveries that fall within economically acceptable ranges cannot be attained.

The Pulacayo deposit is situated in a country that has experienced recent political unrest and volatility and this presents a potential risk associated with the project. However, Silver Elephant and its predecessor Apogee have had a tenured presence in the region and a long history of community initiatives that have helped reduce the risk of operating in a country such as Bolivia with potentially lower political stability. Examples of associated risk factors include tenure of mineral titles and continuity of agreements with government controlled entities such as COMIBOL or with non-government labour groups.

Metal pricing is a substantive risk for many mining projects. Current pit optimization assessments demonstrate that, based on the relative high grade nature of the Pulacayo deposit, moderate

decreases in metal pricing may not impact potential economic viability of an open pit mining scenario when evaluated exclusively on an operating cost basis.

The Pulacayo deposit has an extensive history of underground mining and this also presents a potential project risk. Inaccuracies associated with the underground workings model may impact local estimates of previously depleted volumes and there is the possibility that volume has been depleted that may not be well documented in historic records. These items notwithstanding, report author M. Harrington believes that the current underground workings model provides an acceptable assessment of the global depletion in the area of the mineral resource estimate. All of these factors should be considered during future economic assessments of the Pulacayo Project. Finally, ground stability and competency issues in resource areas having close proximity to historic mine workings present risks to future mine planning initiatives, particularly with respect to potential underground mining scenarios.

11.2.17 Comparison with Historical Pulacayo Resource Estimates

The most recent historical resource estimate for the Pulacayo deposit was prepared by report author M. Harrington (Mercator) and completed on October 20, 2017. This historical estimate was disclosed in Cullen and Webster (2017). A comparison between this 2017 historical estimate and the current 2020 mineral resource estimate is discussed below.

The 2017 historical resource estimation applied methodologies specifically aimed at defining high grade silver mineralization and minimizing potential dilution of metal grade by adjacent lower grade tonnes. For these reasons, results from the historical estimates differ substantially from the current 2020 mineral resource estimate by having higher metal grades, thinner mineralized zone solids and significantly lower tonnages defined at higher cut-off values. In contrast, the emphasis of the current 2020 mineral resource estimate was definition of mineral resources having reasonable prospects for economic extraction using primarily open-pit mining methods. However, the sensitivity analysis of the current mineral resource estimate shows comparable mineral resources defined at the 400 g/t AgEq cut-off value to those defined at that same cut-off value in the 2017 historical estimates. The slight decrease in average grades and tonnes at that cut-off value is associated with several factors, including but not necessarily restricted to, a difference in interpolation methods, grade domain cut-off values, and evolution of the underground workings model. The value (pricing) of silver is comparable between the current 2020 mineral resource estimate and the 2017 historical estimates.

The 2017 historical estimate for the Pulacayo deposit has been superseded by the current mineral resource estimate for the deposit and disclosed in this TRS.

11.3 Paca Deposit Mineral Resource Estimate

11.3.1 Geological Interpretation Used in Resource Estimation

The Paca deposit is also a low-sulphidation epithermal deposit that is differentiated by two styles of mineralization sitting within a broad envelope of argillic alteration. A “vein breccia” or “feeder system” occurs along the north contact of the porphyritic andesitic to dacitic Paca Dome complex. The feeder system is characterized by hydrothermal, tectonic, and volcanic breccias and demonstrates both horizontal and vertical grade zonation. Based on current drilling results the feeder system hosts the highest-grade silver mineralization of the deposit and has no discernible root. Disseminated silver-lead-zinc mineralization is hosted in the adjacent clastic-volcaniclastic sediments north and west of the Paca Dome, demonstrating a flat lying to gently sloping tabular grade distribution. Disseminated mineralization is currently thought to be “mantos-style”, supported by the occurrence of jasperoid, chalcedony, opaline and vuggy silica. Minerals of economic significance for both types of mineralization are sphalerite, galena, silver sulphosalts, pyrolusite, and native silver, which typically occur as thin veinlets, aggregations and/or very fine-grained disseminations. Discrete high-grade veins such as those present at the nearby Pulacayo deposit are not common at Paca.

11.3.2 Data Validation

The drill hole database used for the 2015 mineral resource estimate by Mercator (Cullen and Webster, 2015b) was retained and supplemented with 7 diamond drill holes completed by Silver Elephant in early 2020, totalling 860 m with 494 core samples. The 2020 mineral resource estimate drill hole database for the Paca deposit contains 19,916 m from 104 surface diamond drill holes (18,995 m) and 6 reverse circulation (921 m) completed by ASC, Apogee, Prophecy, and Silver Elephant through various drill programs between 2002 and early 2020 and 71 Esmeralda adit underground channel samples completed by Apogee in 2005. A total of 14,263 drill core and 134 drill chip samples have been assayed from these programs. A total of 5,474 samples and 71 underground channel samples occur within the limits of the current mineral resource model.

A 10% validation program, for a total of 8 drill holes, was completed on the analytical dataset retained from the 2015 mineral resource estimate. This validation program was completed in addition to the validation checks completed for the 2015 mineral resource estimate program. A validation program was performed for the complete 2020 Silver Elephant analytical dataset. Validation checks on overlapping intervals, inconsistent drill hole identifiers, improper lithological assignment, unreasonable assay value assignment, and missing interval data were

performed on the original 2012-2015 database and 2020 Silver Elephant drill results. Validation checks and checking of analytical entries found no substantive errors and the data were determined to be acceptable for resource estimation purposes. As noted in the 2015 mineral resource estimate, original lithologic logs were not available for ASC holes, although sample records and assay certificates were available.

A total of 13 drill holes for a total of 2,263 m were completed by Silver Elephant on the Paca deposit during the late 2020 and 2021 period. These drilling programs post-date the preparation of the current mineral resource, effective date of October 13th, 2020, with several drill holes occurring within the limits of current mineral resources. The QP reviewed these drill core results with respect to previous drilling results and the distribution of current mineral resources and the QP is of the opinion that they demonstrate the same style and character of mineralization. These drilling results are not included in the current mineral resource, however, the QP is of the opinion that they would have no material impact on the current mineral resource estimate for the Paca deposit.

11.3.3 Silver Equivalency Calculation

For consistency, the silver metal equivalent (recovered) calculation developed for the Pulacayo deposit was also applied to the Paca deposit. Silver metal equivalents reflect recovered silver and is based on metal grades, assumed metal recoveries and assumed market pricing (presented in Section 11.1.1 and below) and is calculated as:

$$\text{AgEq (g/t)} = (\text{Ag (g/t)} * 89.2\%) + (\text{Pb}\% * (\text{US}\$0.95 / \text{lb. Pb} / 14.583 \text{ Troy oz./lb.} / \text{US}\$17 \text{ per Troy oz. Ag}) * 10,000 * 91.9\%) + (\text{Zn}\% * (\text{US}\$1.16 / \text{lb. Zn} / 14.583 \text{ Troy oz./lb.} / \text{US}\$17 \text{ per Troy oz. Ag}) * 10,000 * 82.9\%).$$

Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3-year trailing average Ag price of US\$16.45/Troy oz. ending in July 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Coeur Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3-year trailing averages ending in July 2020. Silver price used for oxide zone mineral resources is US\$17/oz Ag based on the same factors discussed above. Metal recoveries of 89.2% Ag, 91.9% Pb, 82.9% Zn used in the silver equivalency equation reflect metallurgical results for high grade test sampling by Apogee Silver Ltd. carried out in support of the TWP feasibility study. The silver metal equivalent calculation is only applied

for sulphide zone silver-zinc-lead mineralization, which constitutes the majority of mineralization present. It is a derivative of the Net Smelter Return (NSR) calculation used in the Pulacayo deposit 2012 historical estimate used in the 2013 historical feasibility study and reflects recovered silver equivalent.

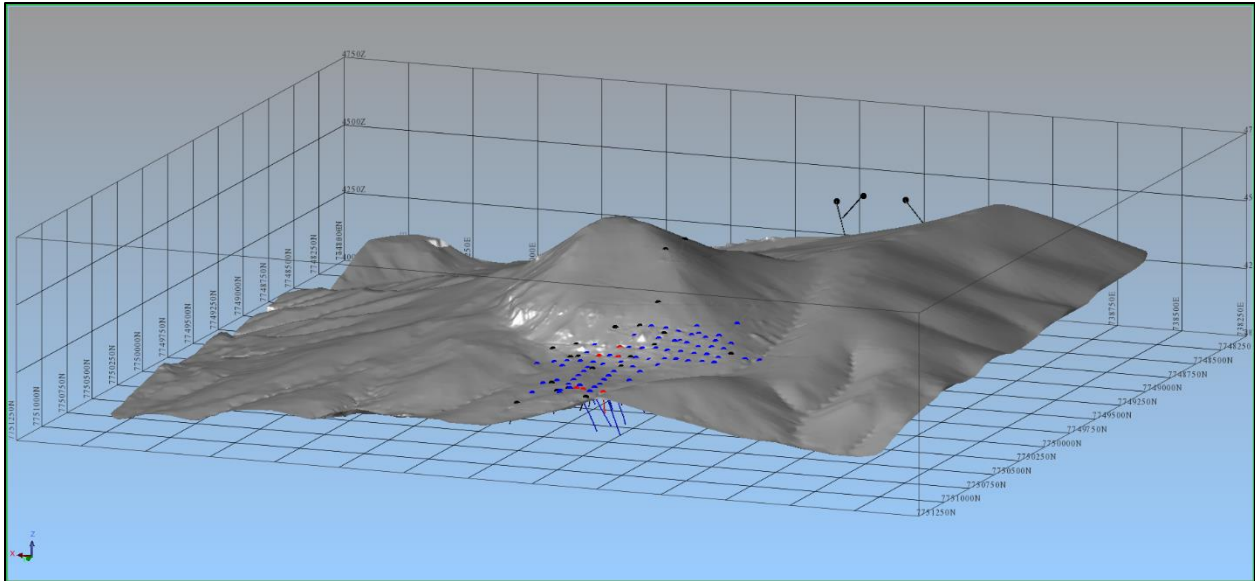
The Paca deposit currently lacks up to date, comprehensive metal recovery information and completion of definitive metallurgical studies for the deposit are recommended for the next phase of project assessment. Report author M. Harrington considers metallurgical results for the Pulacayo deposit to provide better baseline assumptions of metal recoveries for the Paca deposit than an assumed 100% default factor. On this basis, the Pulacayo deposit silver metal equivalent calculation was applied to the Paca deposit mineral resource estimate.

11.3.4 Surface, Sulphide-Oxide, Grade Domain, Lithological, and Underground Workings Modelling

11.3.4.1 Topographic Surface

The topographic surface digital terrain model (DTM) used in the 2015 historical resource estimate was retained for the current mineral resource estimate. The topographic surface reflects elevation data from a combination of 10 m elevation contours, 2 m elevation contours, and registered digital layers such as roads and water systems. The topographic DTM covers an area that measures 3,000 m east-west and 2,750 m north-south over the Paca deposit area and is applied as the topographic constraint for mineral resource modelling (Figure 11.28).

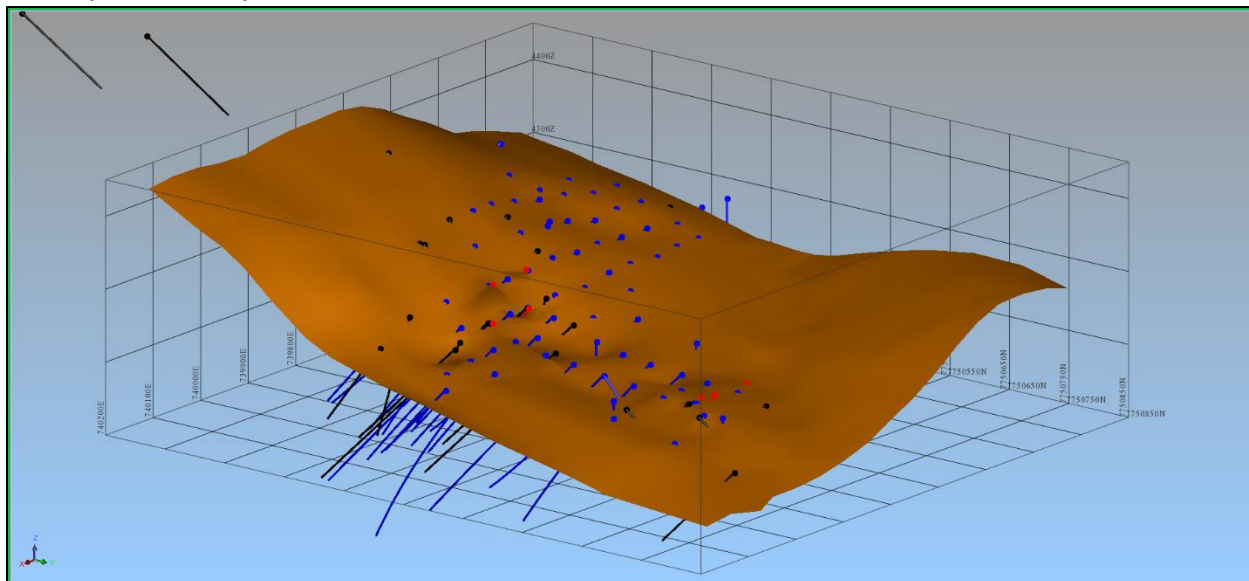
Figure 11.28: Isometric View to the Southeast of the Paca Deposit Topographic Surface DTM and Drill Holes (250 m Grid)



11.3.4.2 Quaternary Surface

The Paca deposit is capped by a layer of overburden material that hosts silver, lead and zinc mineralization in some areas. Although significant silver, lead, and zinc mineralization is demonstrated to be locally present in the overburden section, poor core recoveries make it difficult to assess the reliability of individual assay results and the relationship to the main Paca deposit to this material is not entirely clear. On this basis, report author M. Harrington developed a DTM surface for the overburden-bedrock contact from drill hole interpretations on nominal 50 m sections to constrain the top of the main bedrock of the Paca deposit (Figure 11.29). The overburden zone ranges from 0 m to 20 m in thickness, with the thickest section generally occurring in the northeastern area of the deposit. Intersecting drill hole intervals in overburden were excluded from downhole assay composites and intersecting block volumes were excluded from mineral resource estimation.

Figure 11.29: Isometric View to the Southwest of the Paca Deposit Quaternary DTM and Drill Holes (100 m Grid)

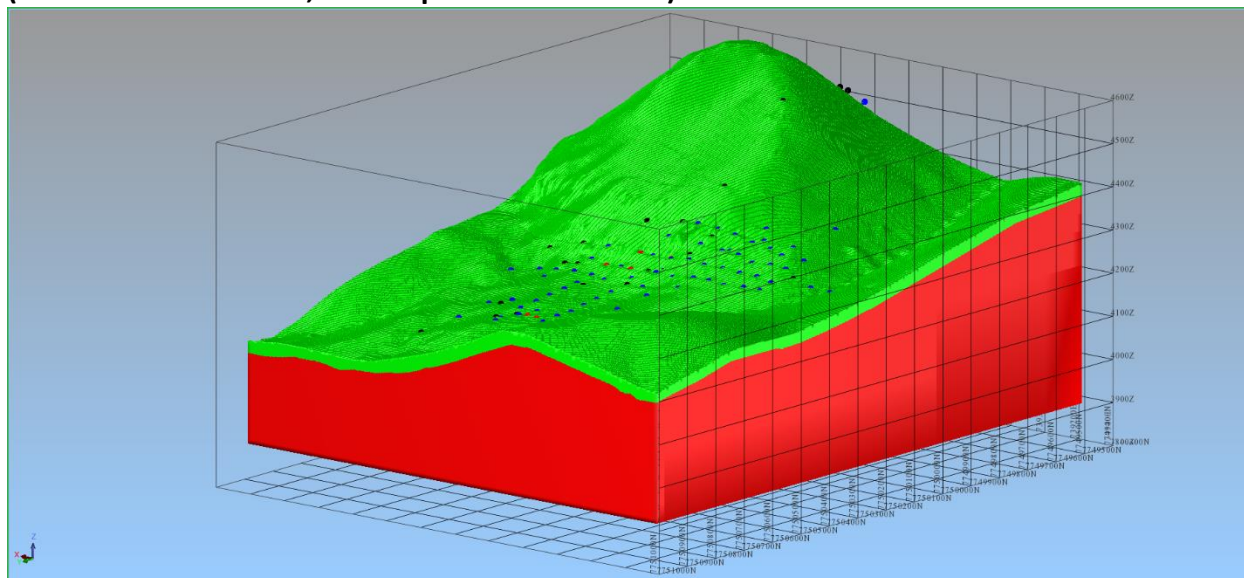


11.3.4.3 Oxide and Sulphide Zones

The Paca deposit is capped by a layer of oxide material where the original volcanic host rocks plus sulphide mineralization have been altered by deep weathering effects. Similar to Pulacayo, both feeder and mantos style mineralization of economic significance is observed in the oxide zone. Silver Elephant recorded the oxide-sulphide transition in the 7 new drill holes completed from the 2020 drilling program and sourced oxide-sulphide transition entries for 10 historical drill holes.

Oxide zone and sulphide zone solid models were developed in Leapfrog at 5.0 m resolution from the 17 drill log intervals. Intervals logged as transition zone were grouped with sulphide zone intervals. Zone solid models were used to code “oxide” and “sulphide” blocks with the block model (Figure 11.30). The oxide zone ranges from several metres to 50 m or more in thickness across the full topographic area. The oxide zone averages 25 m in thickness above the Paca deposit mineralized zone. Silver, lead, and zinc mineralization depletion in the oxide zone is not as well demonstrated in analytical results as for the Pulacayo deposit. Grade continuity is demonstrated across the oxide-sulphide boundary for all three metals. On this basis, the oxide-sulphide boundary was not applied as a hard boundary during grade interpolation.

Figure 11.30: Isometric View to the Southeast of the Paca Deposit Oxide-Sulphide Zonation (Blocks: Green – Oxide, Red Sulphide - 100 m Grid)



11.3.4.4 Grade Domain Models

The Paca deposit is defined by two types of mineralization; a breccia-dominated feeder system occurring along the north contact of the andesitic Paca Dome complex and an adjoining mantos-type system within adjacent clastic-volcanoclastic sediments that is characterised primarily by disseminated style mineralization. The feeder system encompasses lithologies logged as hydrothermal breccia, tectonic breccia, and volcanic breccia and shows both horizontal and vertical grade zonation. It is also characterized by high grade silver mineralization that does not always show direct continuity with grade trends in adjacent disseminated (mantos) mineralization hosted by the clastic-volcaniclastic sedimentary sequence. Feeder zone lead and zinc mineralization cannot be readily distinguished on a grade or metal ratio only basis from lead and zinc mantos mineralization hosted within the clastic-volcanoclastic sediments. The current assessment of sulphide-silver mineralization focuses on defining mineral resources potentially amenable to open pit mining methods while also resolving areas of higher grade that could be amenable to a bulk underground mining scenario.

Report author M. Harrington developed a set of drill hole intercepts at a minimum width of 3 downhole meters and a minimum grade of 100 g/t Ag to define distributions of higher grade silver and associated zinc-lead mineralization. The 100 g/t Ag grade domain solid models were first developed in Leapfrog at a 2.5 m resolution and subsequently imported into Surpac and validated for volumization and intercept snapping. Solid models were snapped to the respective intercepts and extended half the distance to a constraining drill hole or 25 m where constraining drill hole data was not present. Application of the above methodologies resulted in 2 silver-

breccia domain solid models at the 100 g/t Ag threshold that are presented in Figure 11.31 and Figure 11.32. The main silver-breccia domain is predominantly a sub-horizontal zone that extends along a west-east trend (270° azimuth) for 450 m in strike length along the north contact of the andesite dome. A secondary sub-horizontal trend is also present and extends for about 200 m along an azimuth of 270° from the bottom of the first zone. The main silver-breccia domain ranges from a few metres to tens of metres in true thickness and supports several sub-vertical components in addition to the main sub-horizontal grade trends. A satellite breccia domain north of the main zone forms a near surface sub-horizontal zone trending west-east that is 250 m in length, with widths and thicknesses ranging from several metres to tens of metres. The satellite mineralized breccia domain occurs as a localized zone of breccia lithology within the host clastic-volcaniclastic sediments.

Figure 11.31: Isometric View to the Northwest of the Paca Deposit 100 g/t Ag Domain Solid Models (50 m Grid)

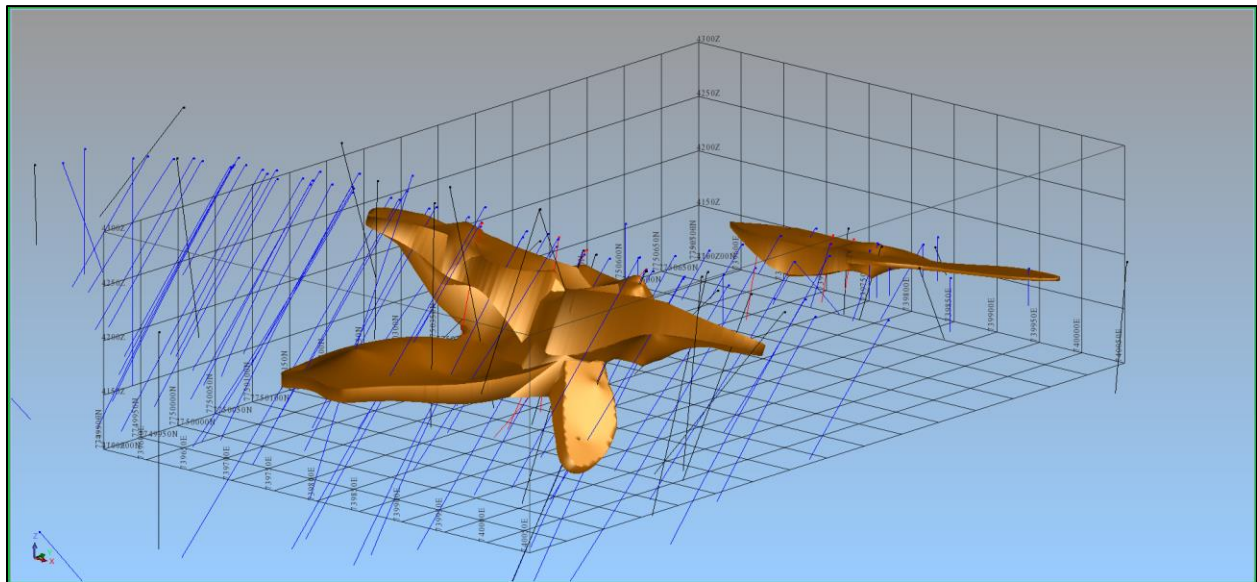
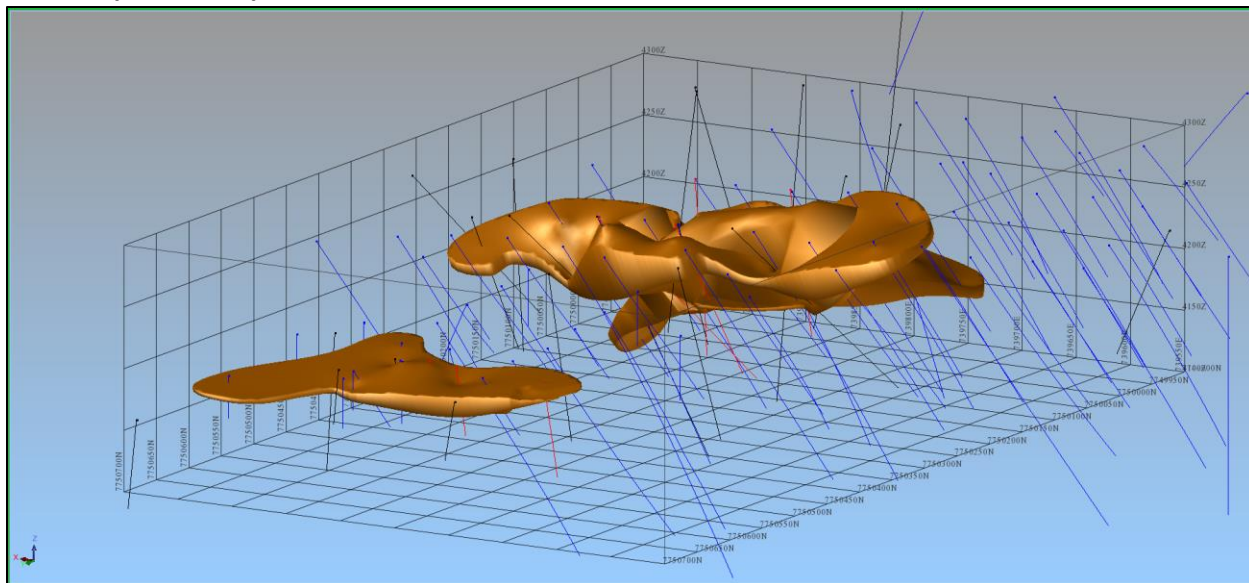


Figure 11.32: Isometric View to the Southeast of the Paca Deposit 100 g/t Ag Domain Solid Models (50 m Grid)



Report author M. Harrington also developed a set of drill hole intercepts at a minimum width of 3 downhole meters and a minimum grade of 45 g/t AgEq to define distributions of lower grade combined silver-zinc-lead mineralization. The 45 g/t AgEq grade domain solid models were first developed in Leapfrog at a 2.5 m resolution and subsequently imported into Surpac and validated for volumization and intercept snapping. Solid models were snapped to the respective intercepts and extended half the distance to a constraining drill hole or 25 m where constraining drill hole data was not present. Application of the above methodologies resulted in 2 zones of mantos-style mineralization, presented in Figure 11.33 and Figure 11.34. The primary zone extends 750 m in strike length at an azimuth of 260 to 270° and occurs along the north contact of the andesite and into the clastic-volcaniclastic sediments in the western area of the deposit. The primary zone contains thicknesses ranging from several metres to 200 m. The secondary zone forms a near-horizontal feature extending 400 m from the andesite dome towards the north into the clastic-volcaniclastic sediments and is approximately 250 m in width (east-west) and several metres to tens of metres in thickness. The two zones merge at the eastern near surface extent of the primary zone. An additional 4 discrete satellite zones of sub-horizontal mantos-style mineralization were defined below the primary zone and range between 30 and 75 m in west-east extent, 50 to 150 m in north-south extent, and a few metres to 30 m in width.

Figure 11.33: Isometric View to the Northwest of the Paca Deposit 45 g/t AgEq Domain Solid Models (100 m Grid)

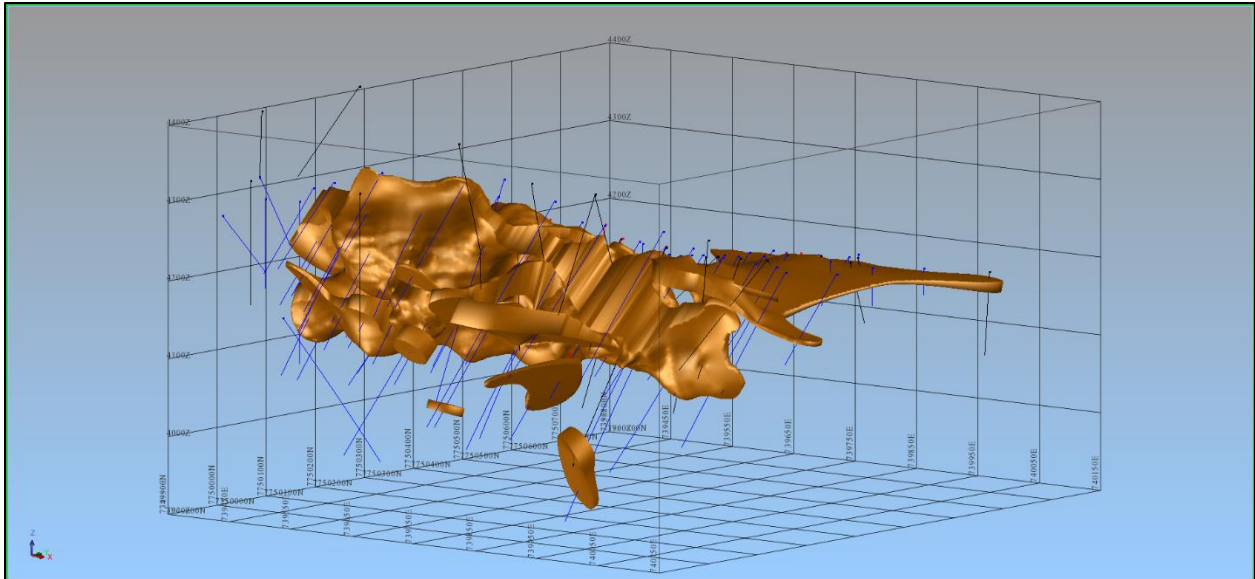
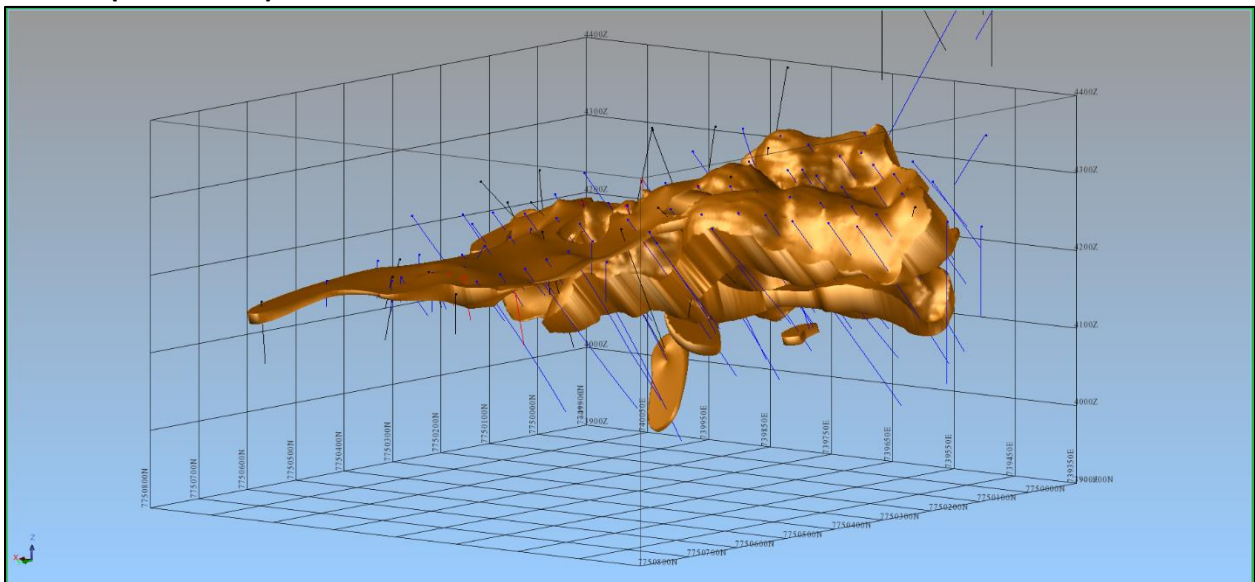


Figure 11.34: Isometric View to the Southwest of the Paca Deposit 45 g/t AgEq Domain Solid Models (100 m Grid)



The 45 g/t AgEq grade domains solid models envelop the 100 g/t Ag grade domain solid models. Spatial relationship between the two grade assessments provides definition of higher-grade silver mineralization and associated zinc-lead mineralization enveloped by lower grade silver-zinc-lead mineralization.

11.3.4.5 Lithological Model

Drill log lithology entries were grouped to develop a simplified lithological model for the Paca deposit area. Lithologies were grouped as either volcanics or sedimentary. Lithology solid models were developed in Leapfrog for each grouped lithology unit at 2.5 m resolution and were used to code a lithological assignment to intersecting blocks not occurring inside grade domain solid models, the quaternary surface, and/or the underground workings solid model.

11.3.4.6 Underground Workings Model

Comibol excavated the Esmeralda adit in 1956 at the base of the north face of the Paca Dome. The Esmeralda adit is interpreted to intersect both the brecciated feeder zone and adjacent mantos-style mineralization and was re-sampled by Apogee in 2005. The resampling program provided 71 channel samples that represent sampling along 1 m long horizontal intervals with channel widths of approximately 10 to 15 cm.

In support of the 2015 historical resource estimate, Silver Elephant staff provided report author M. Harrington with an Autocad format (.dwg) mine plan for the Esmeralda adit that detailed the easting and northing coordinates of workings as well as metal grades and locations of the 2005 channel sampling by Apogee. For modeling purposes, report author M. Harrington assigned an elevation of 4,264.25 m to the sill (floor) of main adit, including the east and west drifts off the main adit. This was based on elevation data presented in the 2007 historical resource estimate by Micon plus field GPS coordinate data obtained by during the June 2015 site visit. Report author M. Harrington set the sill elevation of the east sub-level 7 m below the main adit level and the elevation of the sill of the west sub-level 7 m above the main adit. Elevation data for sub-levels were not available from historic documents and are based on conversations with Apogee staff who were present during the 2005 re-sampling. A 2 m height was assigned to the Esmeralda adit for volume modeling purposes and channel sample data was transformed to reflect the new adit elevations. Report author M. Harrington created a three-dimensional solid model for the Esmeralda adit that is presented in Figure 11.35 and Figure 11.36. Blocks intersecting the underground workings model were coded “mined” (void) and were excluded from grade interpolation.

Figure 11.35: Isometric View to the Southwest of the Paca Deposit Esmeralda Adit Model (20 m Grid)

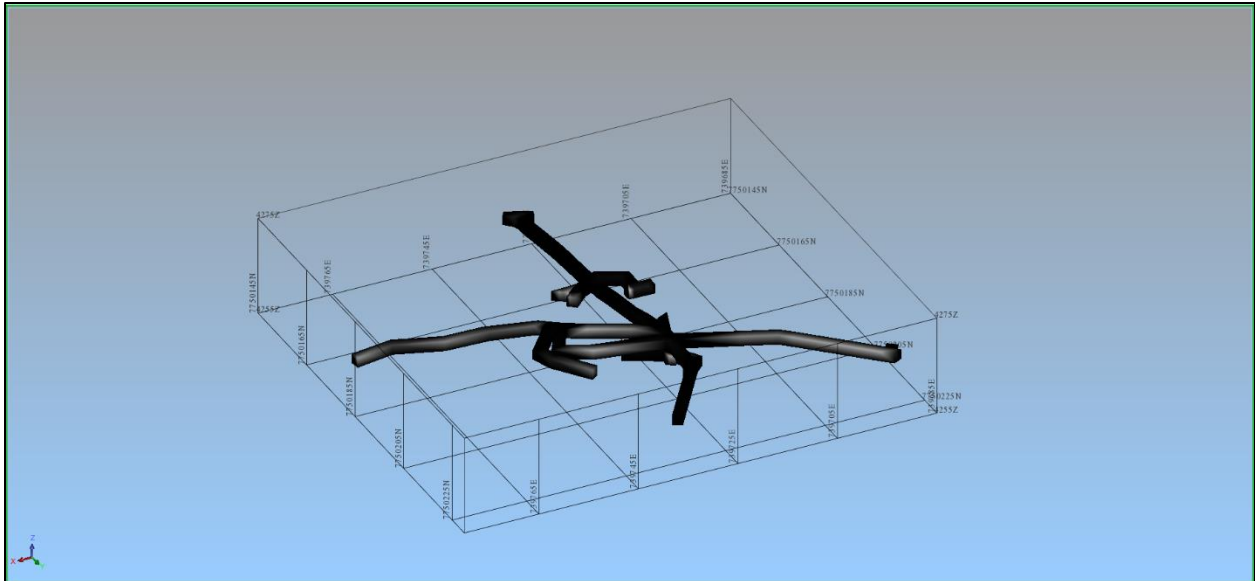
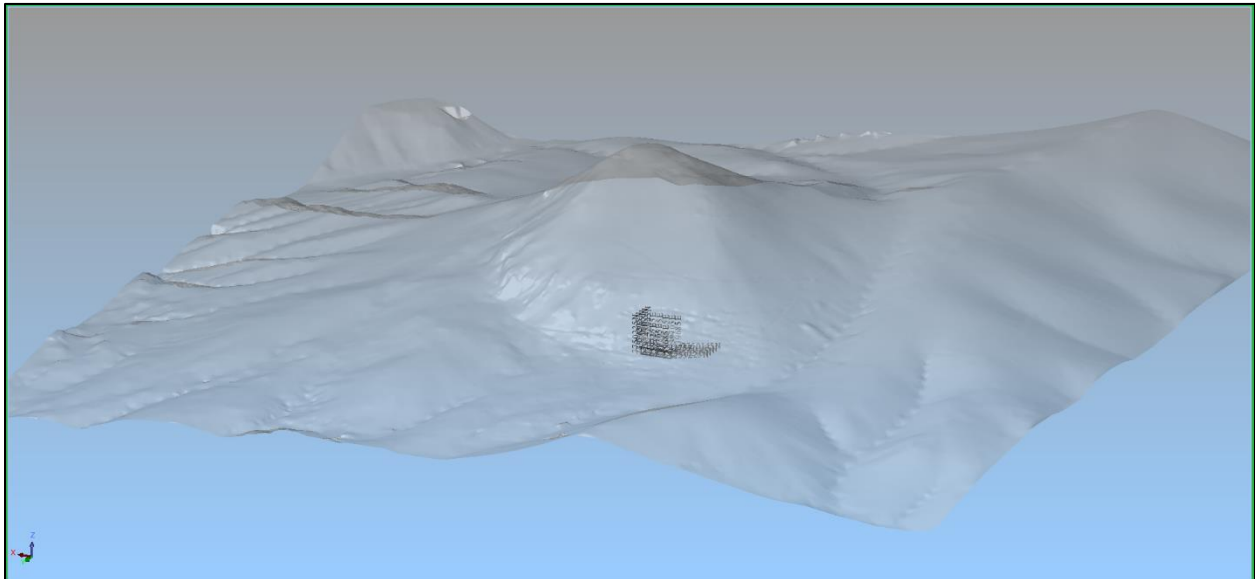


Figure 11.36: Isometric View to the Southeast of the Paca Deposit Esmeralda Adit Model Location (20 m Grid)

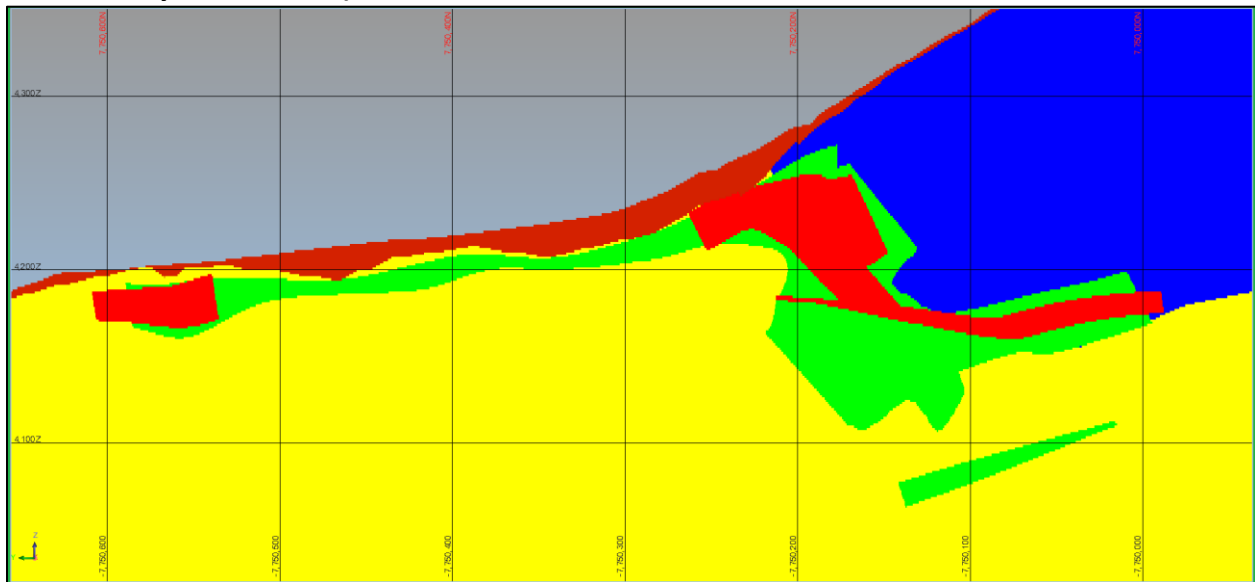


11.3.4.7 Spatial Configuration of Block Volume Assignment from Digital Models

Block volumes occurring above the topographic surface were coded “air” and removed from mineral resource estimation and coding of “mined” (void) was subsequently completed. Blocks intersecting the 100 g/t Ag grade domain solid, not previously assigned “air” or “mined”, were coded “HG_AG” and subsequent application of the 45 g/t AgEq grade domains solids coded blocks “EQ_AG” that were not previously assigned “air”, “mined”, or “HG_AG”. A final grade

domain coding assigned “EG_ZN_PB” to all blocks inclusive of both the 100 g/t Ag domain and 45 g/t AgEq domain solids. Application of lithological models assigned lithological codes to block volumes not previously coded “air”, “mined”, “HG”, and “EQ”. A representative cross section showing the spatial relationship of block volume assignment is presented in Figure 11.37. Zonation of oxide and sulphide is overprinted on all block codes excluding “mined” and “air”.

Figure 11.37: Representative Cross Section (Looking East) of the Paca Deposit Block Model Showing Block Volume Assignment (Blocks: Red = 100 g/t Ag Domain, Green = 45 g/t AgEq Domain, Grey = Mined, Light Brown = Quaternary Sediments, Blue: Volcanics, Yellow: Sedimentary - 100 m Grid)



11.3.5 Assay Sample Assessment and Down Hole Composites

Review of sample length statistics for assay records inclusive of the grade domains showed that over 80% have a length of 1.0 m. The minimum and maximum sample length is 0.20 m and 9 m, respectively, and the average sample length of 1.14 m. The Surpac ‘best fit’ option set to a 1 m target value was used for compositing of raw assay values for use in mineral resource estimation. Downhole 1 m silver-zinc-lead assay composites were developed for the 100 g/t Ag domain intercepts and for the 45 g/t AgEq domain intercepts exclusive of contained intervals from the 100 g/t Ag domain intercepts. Assay composites generated outside of a 25% tolerance interval of the nominal length were either manually re-generated or merged with adjacent composites to meet the selection conditions. Unsampled intervals not identified as underground workings were diluted to 0 grade silver (g/t), zinc (%), and lead (%) during the compositing process.

Descriptive statistics for silver, lead and zinc values were calculated for the 1 m assay composite populations and associated grade distribution trends were assessed by means of frequency

histogram, cumulative frequency plots, probability plots, rank/percentile, and decile analysis. Assessment of distribution trends for the 100 g/t Ag domain composite population demonstrate discontinuity in the vicinity of 1,400 g/t silver, corresponding to the 99.3 percentile. Assessment of associated zinc and lead values show no noticeable grade distribution breaks and extreme outlier values. Similarly, assessment of grade distribution trends of the 45 g/t AgEq composite population show no noticeable grade distributions breaks and extreme outlier values. Comparison of 100 g/t Ag and 45 g/t AgEq composites show comparable mean grade values for zinc and, to a lesser extent, lead. Further assessment through visual review and local contact plots demonstrate lead and zinc grade continuity between the feeder and mantos style domains. On this basis, domaining between the 100 g/t Ag and 45 g/t AgEq composite populations was assigned to be a hard boundary for silver grade interpolation and a soft boundary for lead and zinc interpolation.

Based on this assessment, a capping factor of 1,400 g/t silver for the 100 g/t Ag grade domain was selected for use in the Paca mineral resource estimation program. Silver, lead, and zinc grade values for the 45 g/t AgEq composite population and lead and zinc values for the 100 g/t Ag composite population were left uncapped. Descriptive statistics for raw and capped assay composite populations are presented below in Table 11.13 and Table 11.14. Mean silver grade decreased by 3% between the uncapped and capped 100 g/t Ag domain composite population.

Table 11.13: Paca Deposit Descriptive Statistics for the 100 g/t Ag Domain Composite Silver, Lead and Zinc Values

Parameter	Raw Composite Values			Capped Composite Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	196.76	0.99	0.82	192.6	0.99	0.82
Maximum Grade	3080	10	5.41	1,400	10	5.41
Minimum Grade	2	0.02	0.01	2	0.02	0.01
Variance	71,011	0.83	0.82	55,481	0.83	0.82
Standard Deviation	266	0.91	0.91	236	0.91	0.91
Coefficient of Variation	1.35	0.92	1.1	1.22	0.92	1.1
Number of Samples	1,315	1,315	1,315	1,315	1,315	1,315

Table 11.14: Paca Deposit Descriptive Statistics for the 45 g/t AgEq Domain Composite Silver, Lead and Zinc values

Parameter	Raw Composite Values			Capped Composite Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	22.11	0.67	1.03	22.11	0.67	5.41
Maximum Grade	625	10.63	5.41	625	10.63	1.03
Minimum Grade	0	0	0	0	0	0
Variance	1,041	0.45	0.71	1,041	0.45	0.71
Standard Deviation	32.26	0.67	0.84	32.26	0.67	0.84
Coefficient of Variation	1.46	1.00	0.81	1.46	1.00	0.81
Number of Samples	5,307	5,307	5,307	5,307	5,307	5,307

11.3.6 Variography and Interpolation Ellipsoids

Mineralization at Paca can be characterized as feeder-system style, defined by the high-grade breccia volcanic units, and as mantos-style, defined by disseminated silver-lead-zinc hosted in the adjacent clastic-volcanoclastic sediments. Manually derived models of geology and grade distribution provided definition for associated mineralization trends oriented east-west with a sub-horizontal dip, east-west with a sub-vertical dip, and north-south with a sub-horizontal dip. To assess spatial aspects of grade distribution within these recognized orientation trends, experimental variograms based on the 100 g/t Ag domain capped down hole composite dataset were assessed for silver, lead and zinc.

11.3.6.1 Silver Variography

Down hole variograms provided definition of a normalized nugget and sill of 0.45 and 0.55, respectively, at a range of 10 m (Figure 11.38). Best directional experimental variogram results were developed within a plane plunging 25° towards an azimuth of 0° using a spread angle of 20° and spread limit of 40°. Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 90° with a plunge of 0° and a dip of 20° using Surpac's ZXY LRL axes of rotation convention. Maximum ranges of continuity of 70 m for the primary axis trend, 53 m for the secondary axis trend, and 10 m for the third axis trend, based on the downhole variogram, were defined. Figure 11.39 presents results of the primary variogram assessment and Figure 11.40 presents results of the secondary variogram assessment.

Figure 11.38: Downhole Silver Variogram for the Paca Deposit

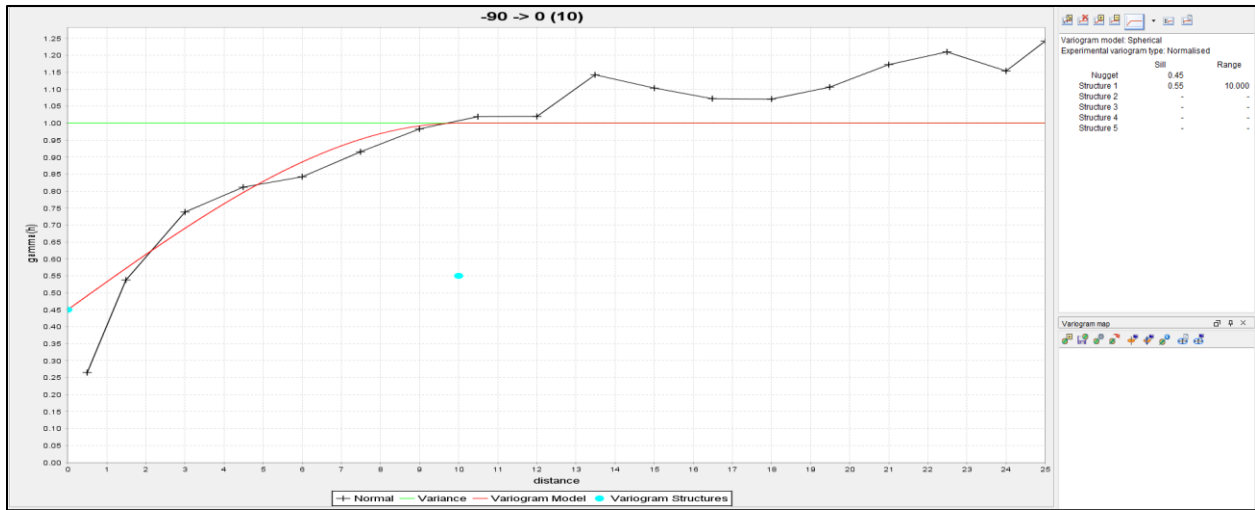


Figure 11.39: Silver Variogram Model for the Major Axis of Continuity for the Paca Deposit

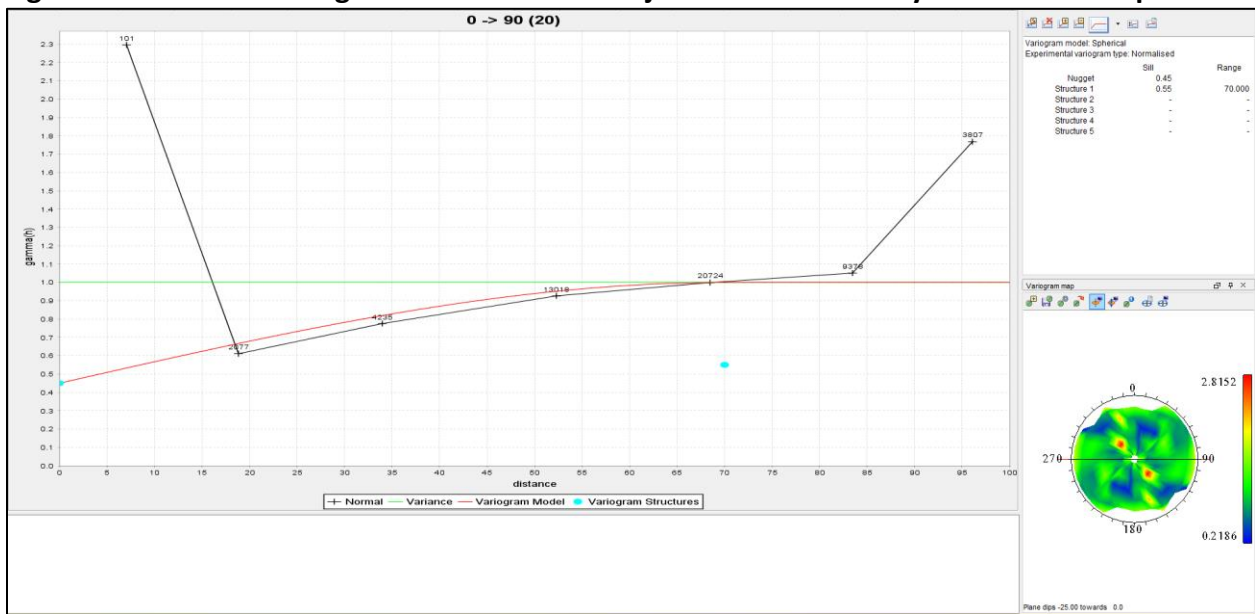
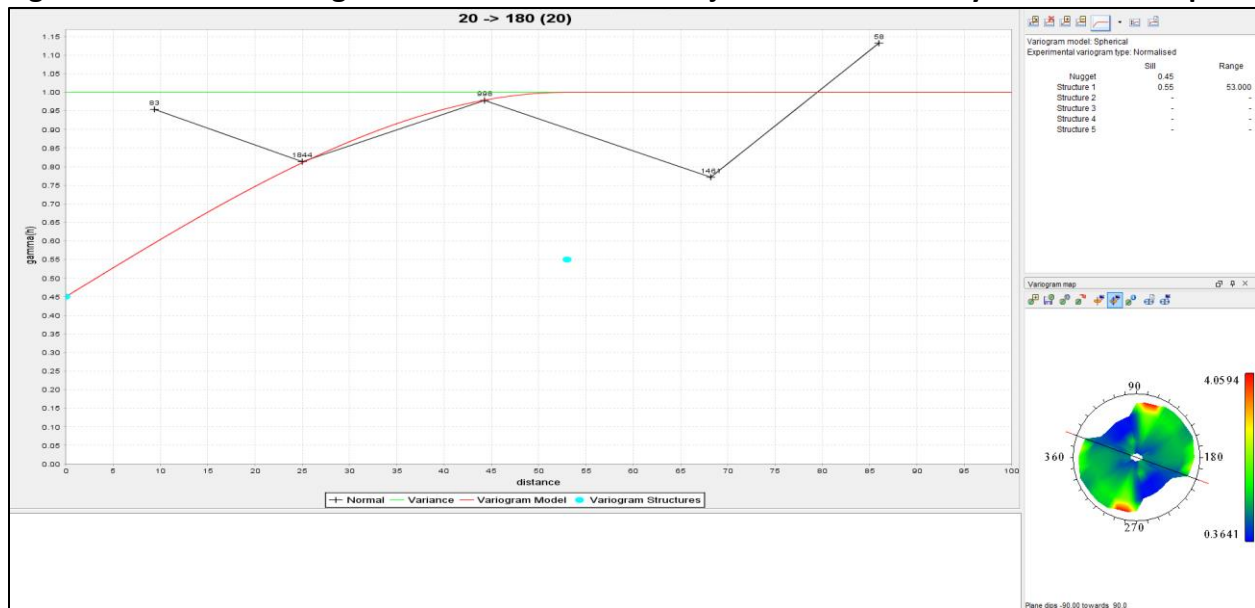


Figure 11.40: Silver Variogram Model for the Semi-Major Axis of Continuity for the Paca Deposit



11.3.6.2 Lead Variography

Down hole variograms provided definition of a normalized nugget and sill of 0.20 and 0.80, respectively, at a range of 22 m (Figure 11.41). Best directional experimental variogram results were developed within a plane plunging 25° towards an azimuth of 0° using a spread angle of 20° and spread limit of 40°. Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 90° with a plunge of 0° and a dip of 20° using Surpac’s ZXY LRL axes of rotation convention. Maximum ranges of continuity of 110 m for the primary axis trend, 90 m for the secondary axis trend, and 22 m for the third axis trend, based on the downhole variogram, were defined. Figure 11.42 presents results of the primary variogram assessment and Figure 11.43 presents results of the secondary variogram assessment.

Figure 11.41: Downhole Lead Variogram for the Paca Deposit

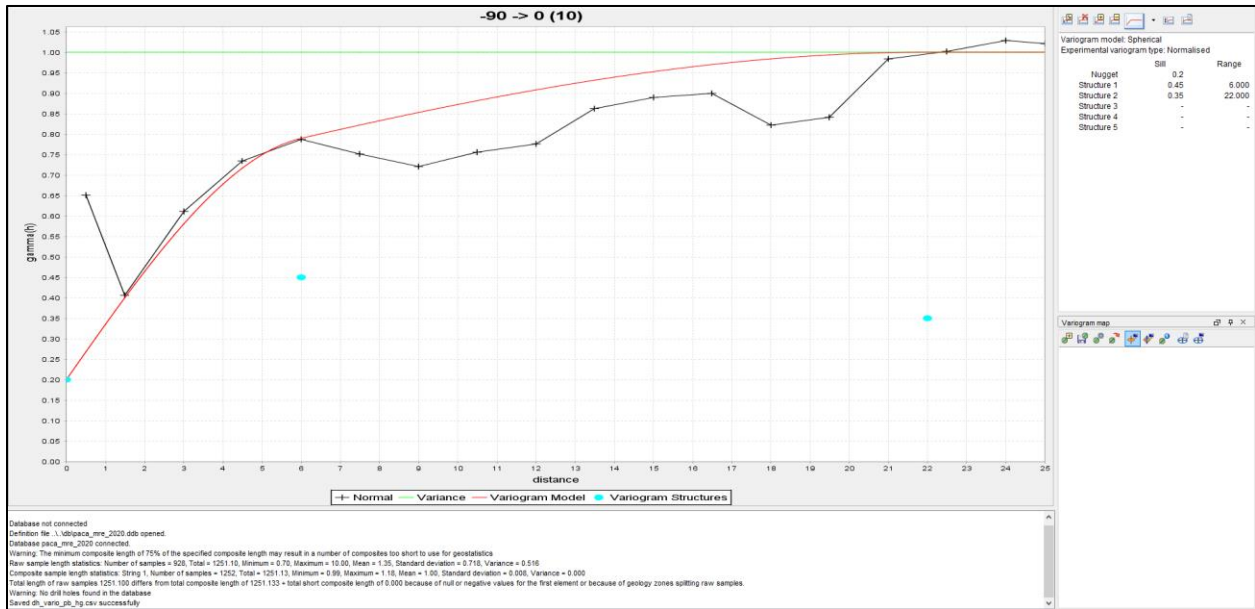


Figure 11.42: Lead Variogram Model for the Major Axis of Continuity for the Paca Deposit

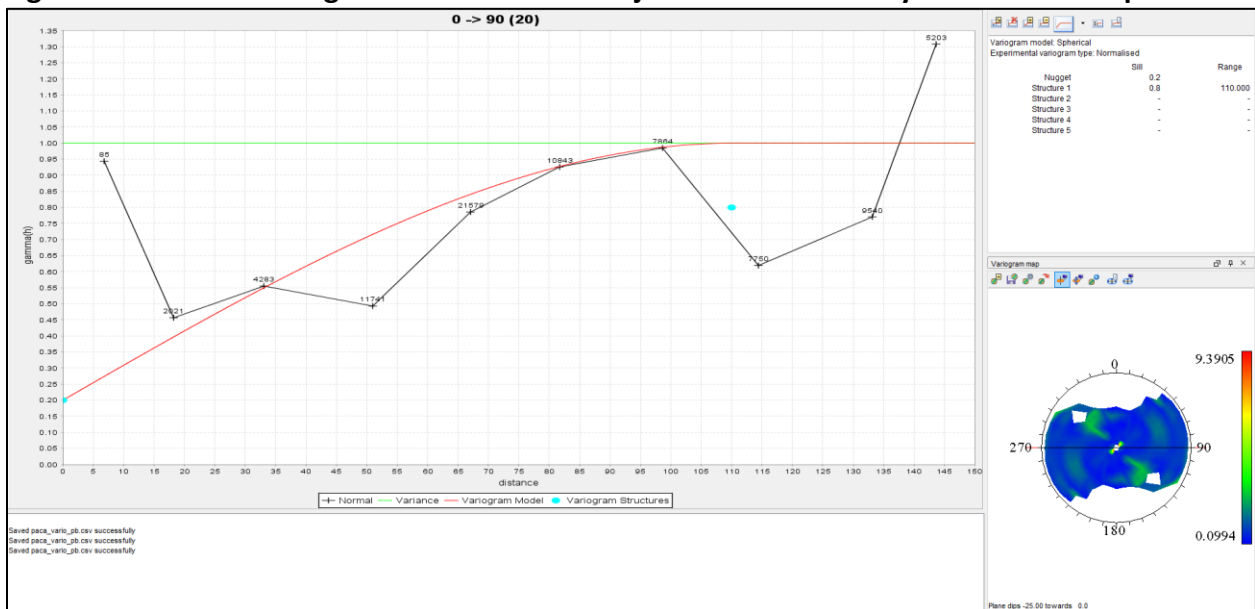
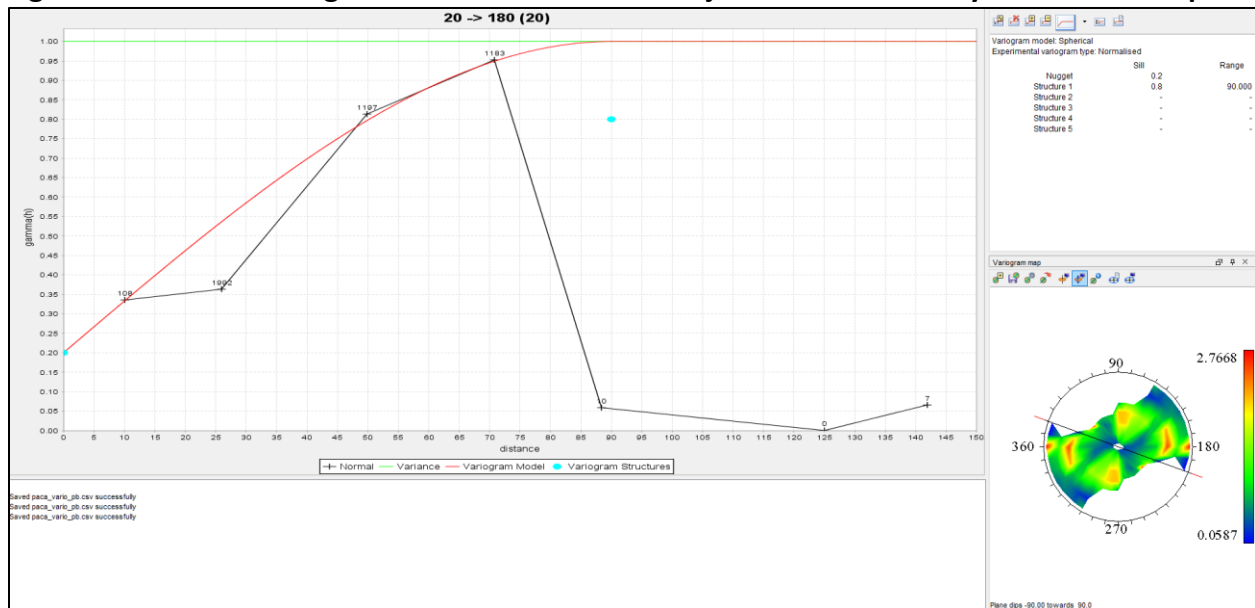


Figure 11.43: Lead Variogram Model for the Semi-Major Axis of Continuity for the Paca deposit



11.3.6.3 Zinc Variography

Down hole variograms provided definition of a normalized nugget and sill of 0.20 and 0.80, respectively, at a range of 30 m (Figure 11.44). Best directional experimental variogram results were developed within a plane plunging 25° towards an azimuth of 0° using a spread angle of 20° and spread limit of 40°. Application of spherical models provided definition of an anisotropy ellipsoid along an azimuth of 90° with a plunge of 0° and a dip of 20° using Surpac’s ZXY LRL axes of rotation convention. Maximum ranges of continuity of 70 m for the primary axis trend, 30 m for the secondary axis trend, and 30 m for the third axis trend, based on the downhole variogram, were defined. Figure 11.45 presents results of the primary variogram assessment and Figure 11.46 presents results of the secondary variogram assessment.

Figure 11.44: Downhole Zinc Variogram for the Paca Deposit

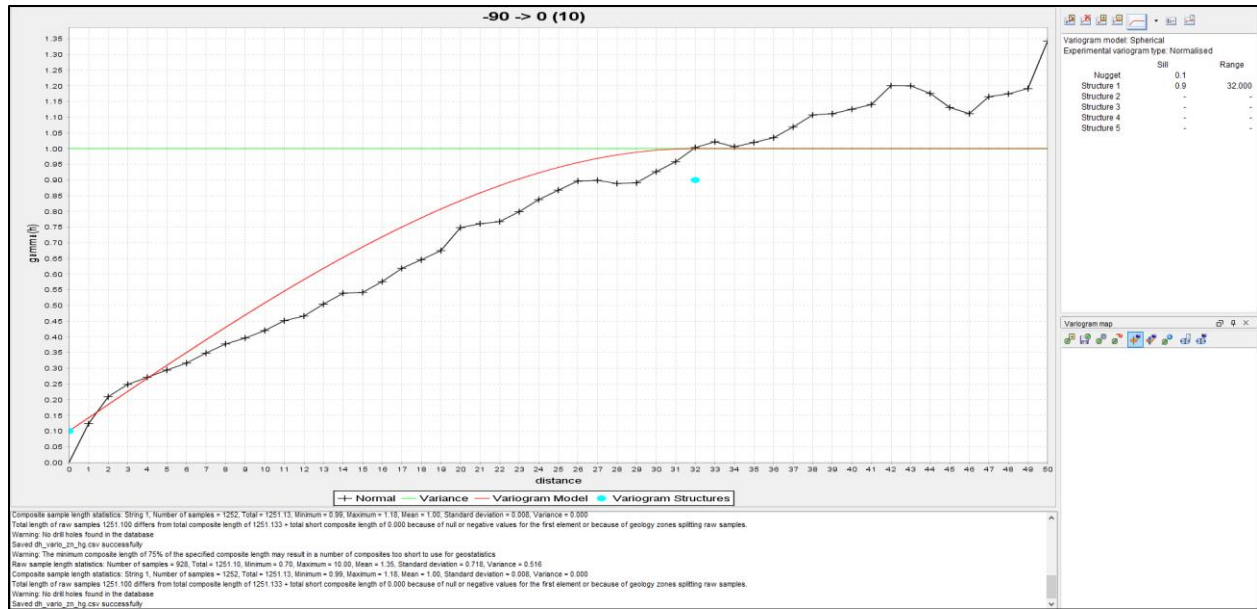


Figure 11.45: Zinc Variogram Model for the Major Axis of Continuity for the Paca Deposit

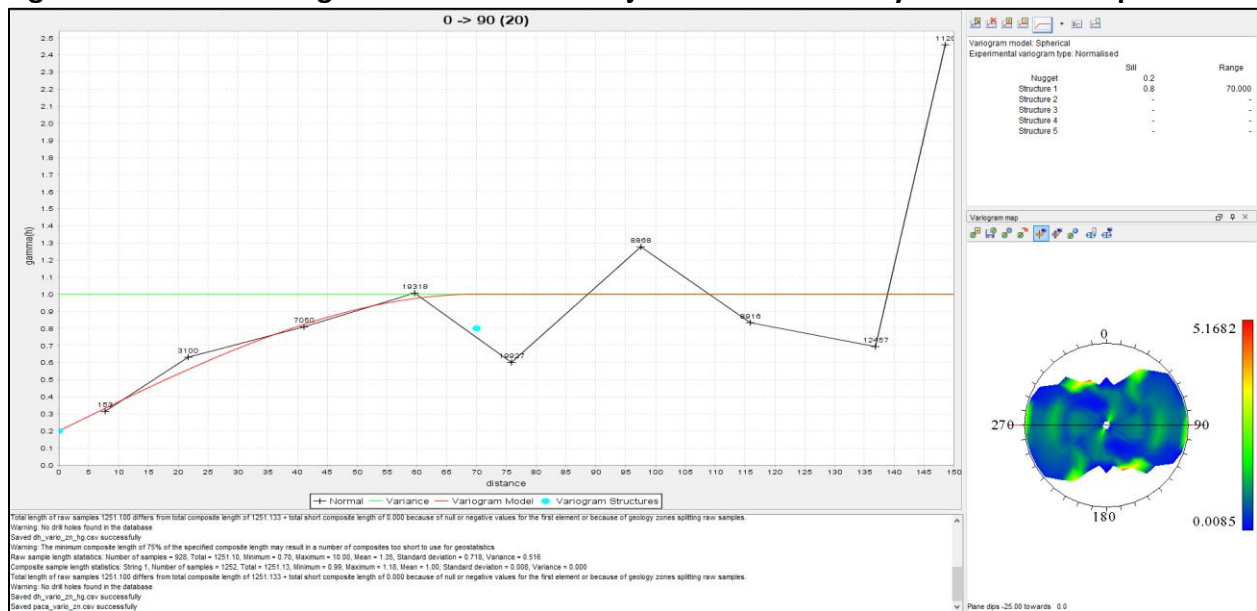
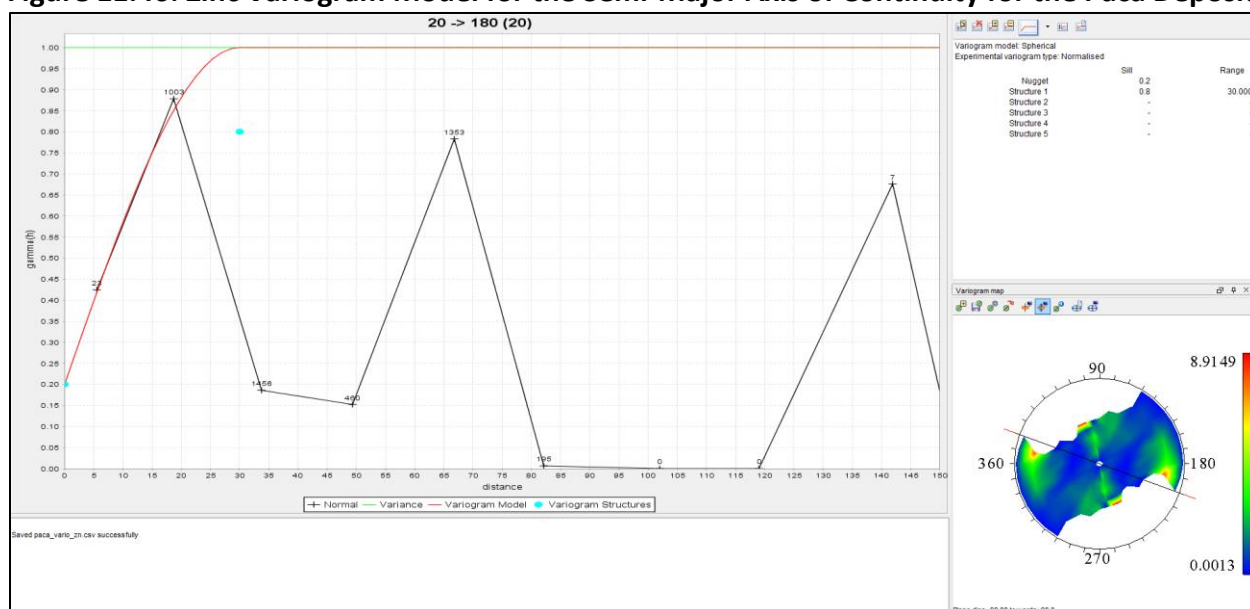


Figure 11.46: Zinc Variogram Model for the Semi-Major Axis of Continuity for the Paca Deposit

11.3.6.4 Interpolation Ellipsoids

Interpolation ellipsoid ranges and orientations were developed through consideration of the variogram models discussed above in combination with geological and grade distribution model interpretations. This approach showed that sulphide-silver grade interpolation ellipsoids for the Paca deposit should conform to east-west sub-horizontal and sub-vertical trends for the feeder system zones and east-west sub-horizontal to gently north-dipping for the two mantos-style zones. Variogram analysis demonstrated grade continuity trends along these orientations. Application of the orientated axial trends of continuity defined through variography to the geological orientation assessment provided definition of the related interpolation ellipsoid axial trends and ranges.

Search ellipsoid orientations for silver-zinc-lead interpolation passes generally conform to east-west sub-horizontal trends for the feeder system zones and east-west sub-horizontal to gently north-dipping for the two mantos-style zones. Search ellipsoid orientations were modified to accommodate local variations in the distribution of mineralization. A total of 4 interpolation sub-domains were developed for the 100 g/t Ag domain areas and 13 interpolation sub-domains were developed for the 45 g/t AgEq areas. Interpolation sub-domains were to accommodate local variations in deposit geometry and to independently assess more restricted occurrences of sulphide-silver mineralization.

11.3.7 Setup of Three-Dimensional Block Model

The Paca deposit block model was developed using WGS84 (Zone 19, South Datum) grid coordination and a sea level elevation datum. No rotation was applied to the model and the grid coordinate extents are defined in Table 11.15. Standard block size for the model is 10 m x 4 m x 10 m (X, Y, Z), with 3 units of sub-blocking applied. The nominal topographic and quaternary surfaces as defined by digital terrain models function as the upper deposit constraint.

Table 11.15: Summary of Paca Deposit Block Model Parameters

Type	Y (Northing m)	X (Easting m)	Z (Elevation m)
Minimum Coordinates	7,749,450	739,150	3,900
Maximum Coordinates	7,750,950	740,350	4,590
User Block Size	4	10	10
Min. Block Size	0.5	1.25	1.25
Rotation	0	0	0

*UTM WGS 84 – Zone 19 South and sea level datum

11.3.8 Mineral Resource Estimation

Ordinary Kriging (OK) grade interpolation was used to assign block silver, lead and zinc grades within the Paca deposit block model from the 1 m capped assay composite datasets. Interpolation ellipsoid orientation and range values used in the estimation reflect a combination of trends determined from the variography and sectional interpretations of geology and grade distribution for the deposit. Block volumes were estimated from solid models using 3 units of sub-blocking. Silver, zinc and lead grade interpolation was completed independently and constrained to block volumes using a 3-interpolation pass approach. Interpolation passes, implemented sequentially from pass 1 to pass 3, progress from being restrictive to more inclusive in respect to ellipsoid ranges, composites available, and number composites required to assign block grades.

Interpolation pass ranges approximately reflect 75 %, 100 %, and 125 % of the ranges defined from variogram assessment for the first pass, second pass, and third pass, respectively. The interpolation range for the semi-major axis for zinc was modified to create more anisotropy between the semi-major and minor orientations. Minor axis ranges were set at 25 m to normalize the number of included composites between the interpolation passes in that direction and better accommodate local variations in deposit geometry. Axis ranges are summarized in Table 11.16.

Table 11.16: Paca Deposit Ellipsoid Axis Ranges for Each interpolation Pass for Each Metal

Metal	Interpolation Pass	Major Range (m)	Semi-Major Range (m)	Minor Range (m)
Silver	1	56.25	37.50	25
Silver	2	75	50	25
Silver	3	93.75	62.50	25
Lead	1	55	45	25
Lead	2	82.50	67.50	25
Lead	3	110	90	25
Zinc	1	56.25	37.50	25
Zinc	2	75	50	25
Zinc	3	93.75	62.50	25

A total of 4 interpolation sub-domains for the 100 g/t Ag domain areas and 13 interpolation sub-domain for the 45 g/t AgEq areas, each with unique interpolation ellipsoids, were applied. Contributing assay composites for block grade interpolation were constrained to a minimum of 9 and a maximum of 12, with no more than 4 composites allowed from a single drill hole for the first interpolation pass, a minimum of 7 and a maximum of 9, with no more than 3 composites allowed from a single drill hole for the second interpolation pass, and a minimum of 1 and a maximum of 4, with no more than 4 composites allowed from a single drill hole for the third interpolation pass. Block discretization was set at 2 (Y) x 2 (X) x 2 (Z).

Block volumes coded “AG_HG” and “AG_EQ” formed hard interpolant boundaries for silver block grade estimation and interpolation was restricted to the 1 m capped 100 g/t Ag domain composites for the “AG_HG” coded block volumes and restricted to the 1 m 45 g/t AgEq domain composites for the “AG_EQ” coded block volumes. Zinc and lead grade block grade estimation formed soft boundaries between the two grade domains, collectively coded as “EQ_ZN_PB”, and interpolation included both the 1 m capped 100 g/t Ag domain composites and the 1m 45 g/t AgEq domain composites. Adjacent interpolation domain areas within a grade domain zone or solid were assigned soft domain boundaries for grade estimation purposes. As previously discussed, block volumes coded as “mined” were excluded from block grade interpolation.

11.3.9 Density

Density determinations were performed systematically by Apogee staff during the 2006 drill program by measuring the weight of sample in air and in water. A total of 799 analyses were determined by Apogee and included all rock types, with 607 analyses occurring within the grade domain solid models. The relevant density determinations were separated by the 100 g/t Ag

domain and 45 g/t AgEq domain solid models and descriptive statistics was calculated for each sub-set, as presented in Table 11.17.

Table 11.17: Descriptive Statistics for Paca Deposit Density Determinations

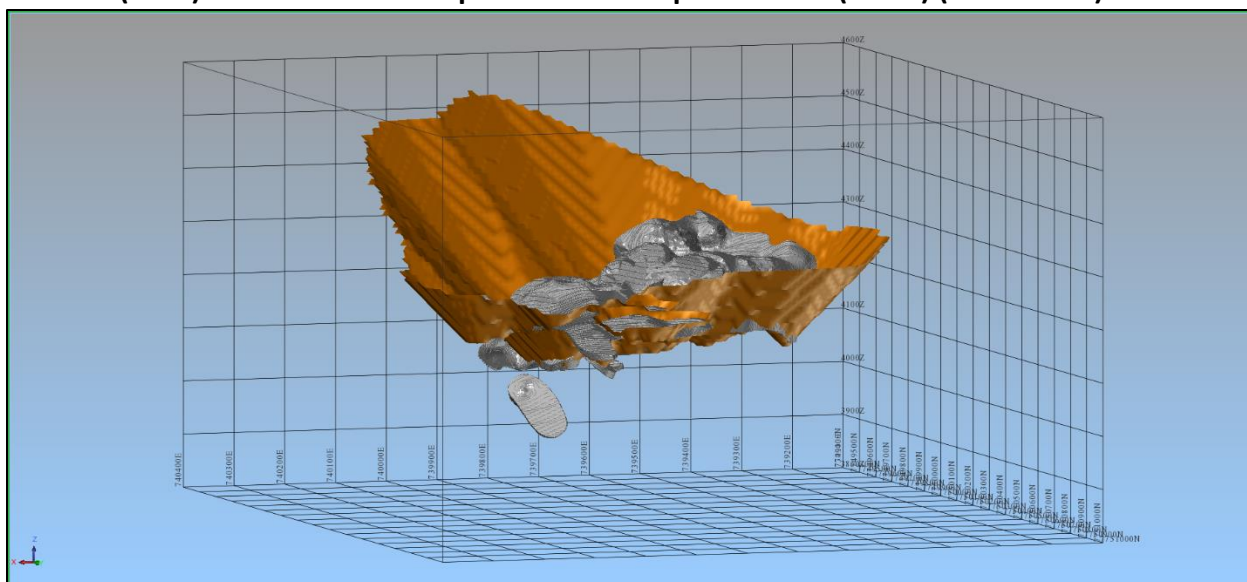
Parameter	Density Domain	
	"HG" (100 g/t Ag)	"EQ" (45 g/t AgEq)
Mean	2.32 g/cm ³	2.24 g/cm ³
Maximum	2.79 g/cm ³	2.85 g/cm ³
Minimum	1.93 g/cm ³	1.56 g/cm ³
Variance	0.06	0.04
Standard Deviation	0.24	0.21
Coefficient of Variation	0.1	0.09
Number of Composites	114	493

A mean bulk density value of 2.32 g/cm³ was applied to all mineral resource block volumes coded as "AG_HG" and a mean bulk density value of 2.24 g/cm³ was applied to all mineral resource block volumes coded as "AG_EQ".

11.3.10 Pit Optimization

The Pit Constrained mineral resource was constrained by a base case optimized pit shell developed with Geovia Whittle software utilizing the Pseudoflow algorithm. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$2.00 per tonne. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$2.00 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used and metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Parameters contributing to selected metal prices are presented in Section 11.1.1. The optimized pit shell supports a 4.3:1 strip ratio with average pit slopes of 45°. Figure 11.47 presents the Paca deposit optimized pit shell with the block model representation of interpolated Paca deposit blocks.

Figure 11.47: Isometric View to the Southwest of the Paca Deposit Mineral Resource Optimized Pit Shell (Gold) and Extent of Interpolated Paca Deposit blocks (Silver) (100 m Grid)



11.3.11 Mineral Resource Category Parameters

Definitions of mineral resources and associated mineral resource categories used in this report are those recognized under Canadian NI 43-101 standards and CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014). The mineral resource estimate is disclosed in accordance with mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300 (SEC, 2018). Only Inferred and Indicated mineral resource categories have been assigned to the Paca deposit.

Several factors were considered in defining mineral resource categories, including drill hole spacing, geological interpretations and number of informing assay composites and average distance of assay composites to block centroids. Specific definition parameters for each resource category applied in the current estimate are set out below.

Measured Resources: No interpolated resource blocks were assigned to this category.

Indicated Resources: Indicated mineral resources are defined as all blocks with interpolated silver grades from the first or second interpolation passes that meet the specified Pit Constrained cut-off grades.

Inferred Resources: Inferred mineral resources are defined as all blocks with interpolated silver grades from the first, second, and third interpolation passes that were not previously assigned to the Indicated category and meet the specified Pit Constrained cut-off grades.

Application of the selected mineral resource categorization parameters specified above defined distribution of Indicated and Inferred mineral resource estimate blocks within the block model. To eliminate isolated and irregular category assignment artifacts, the peripheral limits of blocks in close proximity to each other that share the same category designation and demonstrate reasonable continuity were wireframed and developed into discrete solid models. All blocks withing these “category” solid models were re-classified to match that model’s designation. This process resulted in more continuous zones of each mineral resource estimate category and limited occurrences of orphaned blocks of one category as imbedded patches in other category domains.

11.3.12 Mineral Resource Estimate for the Paca Deposit

Block grade, block density and block volume parameters for the Paca deposit were estimated using methods described in preceding sections of this report. Subsequent application of mineral resource category parameters resulted in the Paca deposit mineral resource estimate statement shown below in Table 11.18.

The mineral resource estimate results shown below have an effective date of October 13, 2020 and are disclosed in accordance with mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300 (SEC, 2018). Figures 11.48 to 11.53 present isometric views of block grade distributions and block resource categorizations represented in the current mineral resource estimate for the Paca deposit.

Pit Constrained sulphide mineral resources are reported at a cut-off value of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide mineral resources are reported at a cut-off value of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs and are considered to reflect reasonable prospects for economic extraction using conventional open pit mining methods. Sulphide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$12.50 per tonne processed, and haulage at US\$2.00 per tonne. Oxide zone pit optimization parameters include mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$2.00 per tonne processed. Metal prices of US\$17/oz silver, US\$0.95/lb lead, and US\$1.16/lb zinc were used and metal recoveries of 89.2% silver, 91.9% lead, and 82.9% zinc were used for sulphide zone mineral resources and 80% silver for oxide zone mineral resources. Parameters contributing to selected metal prices are presented in Section 11.1.1. The Paca deposit optimized pit supports a 4.3:1 strip ratio with average pit slopes of 45°.

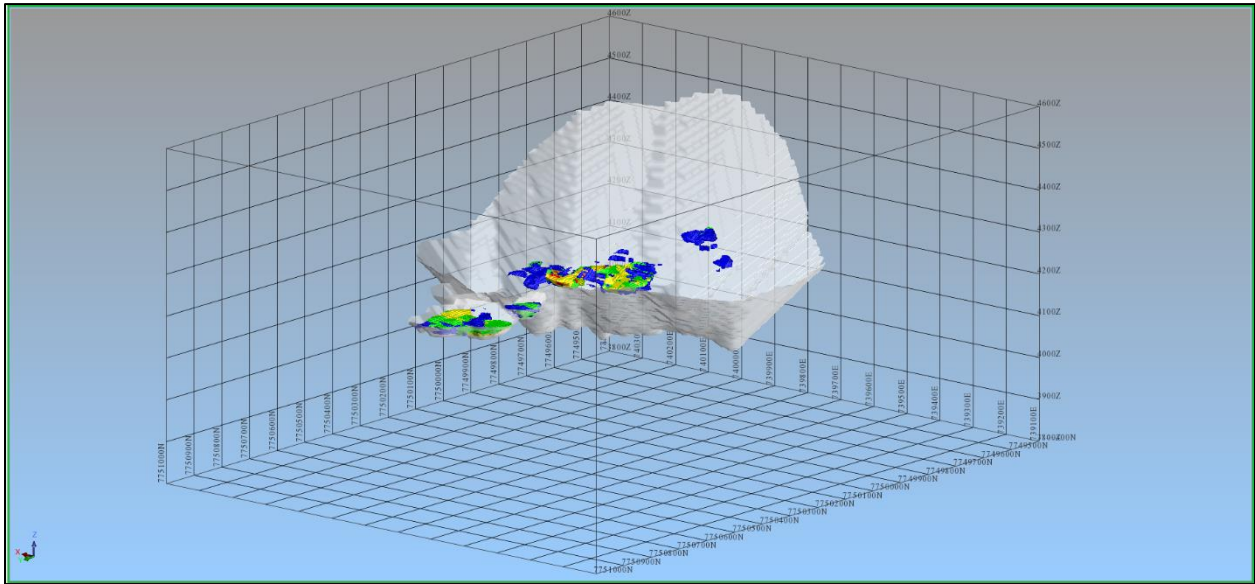
Table 11.18: Paca Deposit Mineral Resource Estimate – Effective Date: October 13, 2020**

Cut -off	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	*AgEq g/t
50 Ag g/t	Oxide	Indicated	1,095,000	185			
		Inferred	345,000	131			
30 *AgEq g/t	Sulfide	Indicated	20,595,000	46	0.67	1.07	106
		Inferred	3,050,000	46	0.65	0.76	94

****Notes:**

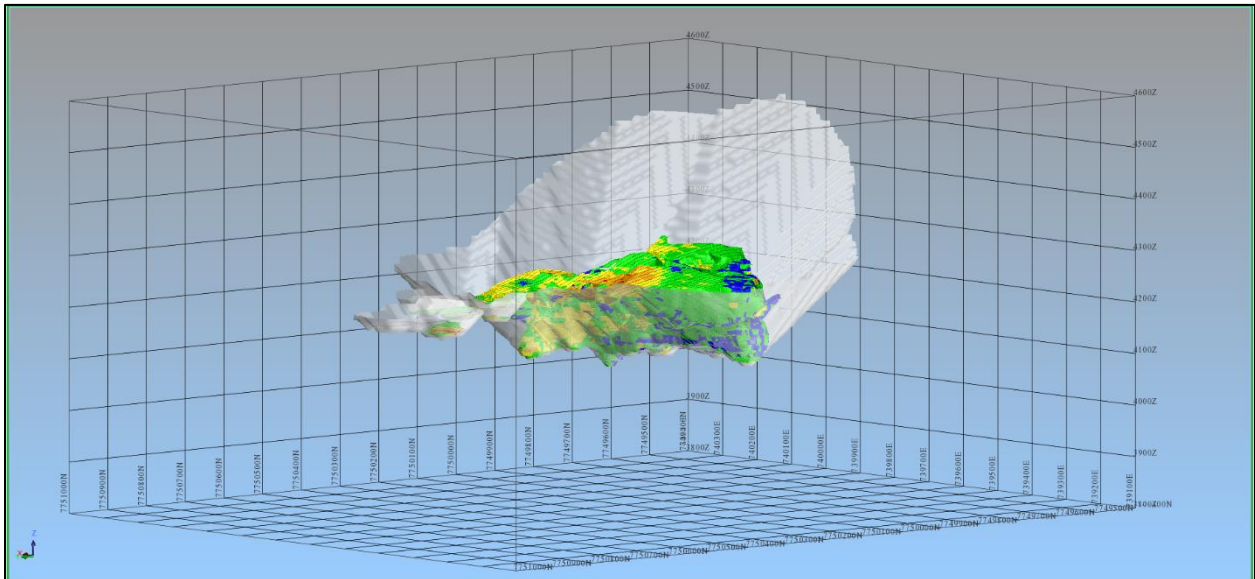
- Mineral resources were prepared in accordance with NI 43-101 standards and CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) and CIM MRMR Best Practice Guidelines (2019). The mineral resources shown above comply with the mineral resource definitions and disclosure standards used by the SEC in Regulation S-K 1300).
- *AgEq = Silver Metal Equivalent (Recovered) = (Ag g/t*89.2%)+((Pb%*(US\$0.95/lb. Pb/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*91.9%))+((Zn%*(US\$1.16/lb. Zn/14.583 Troy oz./lb./US\$17 per Troy oz. Ag)*(10,000*82.9%)). Sulphide zone metal recoveries of 89.2% for Ag, 91.9% for Pb, and 82.9% for Zn were used in the Silver Equivalent (Recovered) equation and reflect metallurgical testing results disclosed previously for the Pulacayo deposit. A metal recovery of 80% Ag was used for oxide zone mineral resources.
- Metal prices of US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16 Zn apply. A currency exchange rate of CDN\$1.00 to US\$0.75 applies.
- Pit Constrained mineral resources are defined within an optimized pit shell with average pit slope angles of 45°. The Paca deposit mineral resource estimate was optimized at a 4.3:1 strip ratio.
- Base-case sulfide zone pit optimization parameters include: mining at US\$2.00 per tonne; combined processing and G&A at US\$12.50 per tonne processed; and haulage at US\$2.00 per tonne processed.
- Base-case oxide zone pit optimization parameters include: mining at US\$2.00 per tonne; combined processing and G&A at US\$23.50 per tonne processed; and haulage at US\$2.00 per tonne processed.
- Pit Constrained sulphide zone mineral resources are reported at a cut-off grade of 30 g/t AgEq within the optimized pit shell and Pit Constrained oxide zone mineral resources are reported at a cut-off grade of 50 g/t Ag within the optimized pit shell. Cut-off grades reflect total operating costs used in pit optimization and are considered to define reasonable prospects for eventual economic extraction by open pit mining methods.
- Mineral resources were estimated using Ordinary Kriging methods applied to 1 m downhole assay composites capped at 1,400 g/t Ag. Pb and Zn grades were not capped.
- An average bulk density of 2.32 g/cm³ or 2.24 g/cm³ was applied to Paca mineral resources based on grade domain solid models.
- Mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues
- Mineral resource tonnages have been rounded to the nearest 5,000; totals may vary due to rounding

Figure 11.48: Isometric View to the Southeast of the Paca Deposit Mineral Resource Estimate Oxide Zone Ag Grade Distribution at a 50 g/t Pit Constrained Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



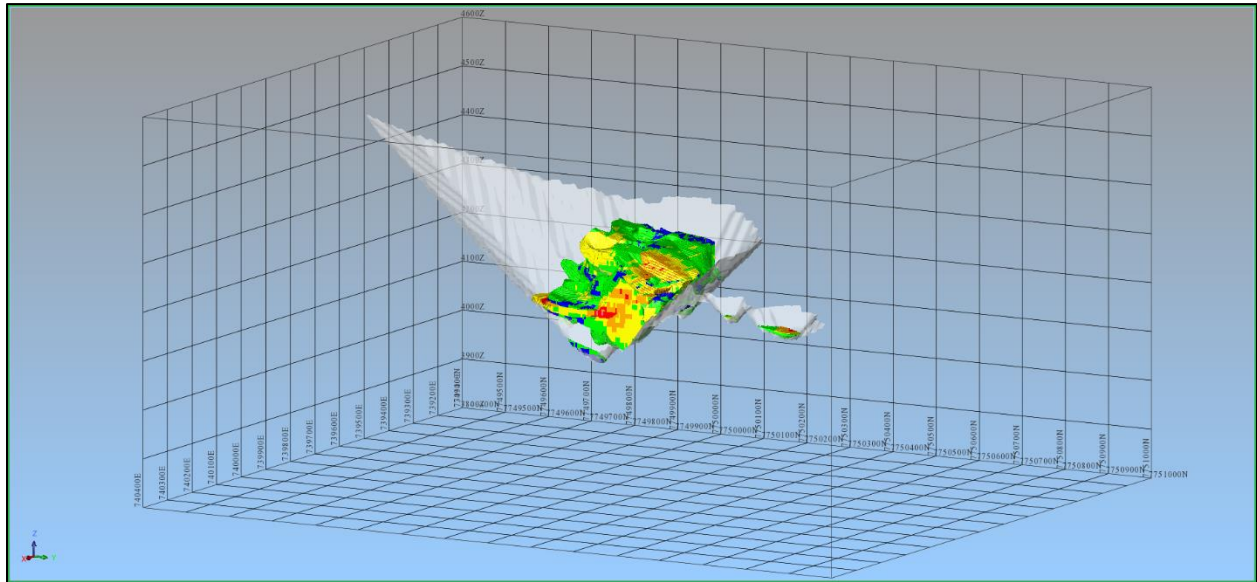
(Ag g/t: Blue 50 – 100 g/t, Green 100 – 200 g/t, Yellow 200 – 400 g/t, Orange 400 – 600 g/t, Red 600 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.49: Isometric View to the Southeast of the Paca Deposit Mineral Resource Estimate Sulphide Zone AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



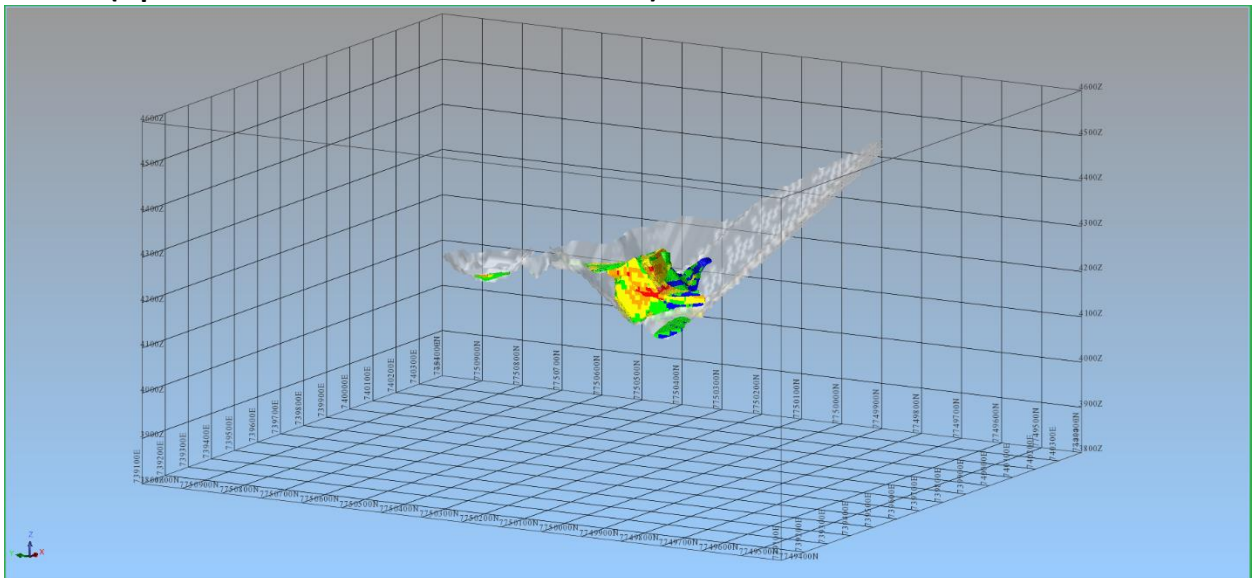
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.50: Isometric View to the Southwest of a Representative Section of the Paca Deposit Mineral Resource Estimate Sulphide Zone AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



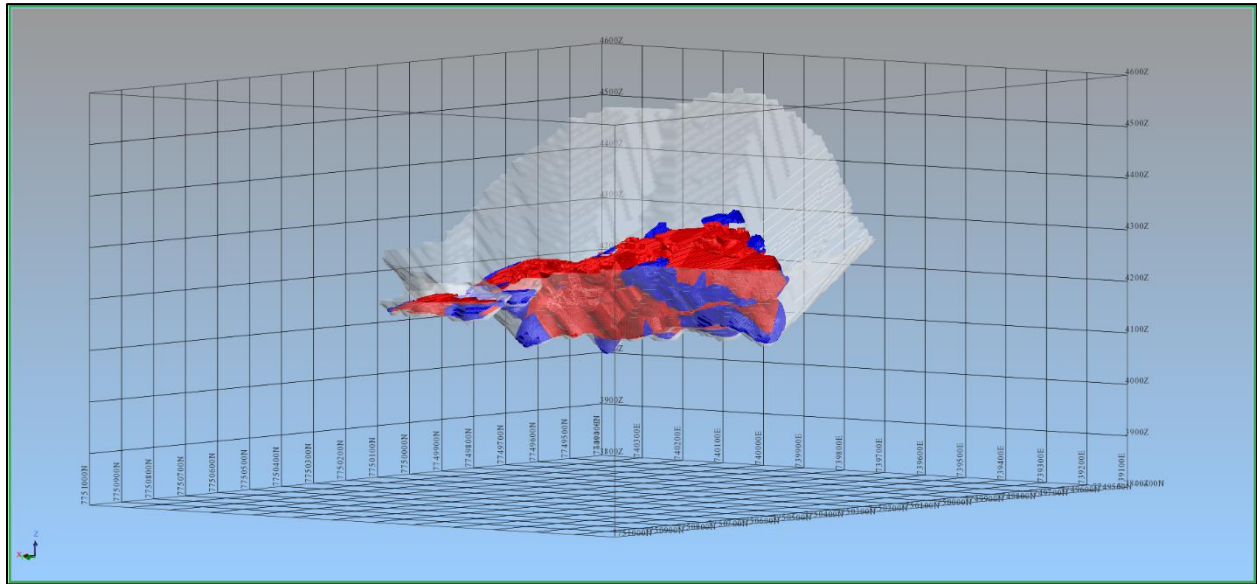
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.51: Isometric View to the Northeast of a Representative Section of the Paca Deposit Mineral Resource Estimate Sulphide Zone AgEq Grade Distribution at a 30 g/t Pit Constrained Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



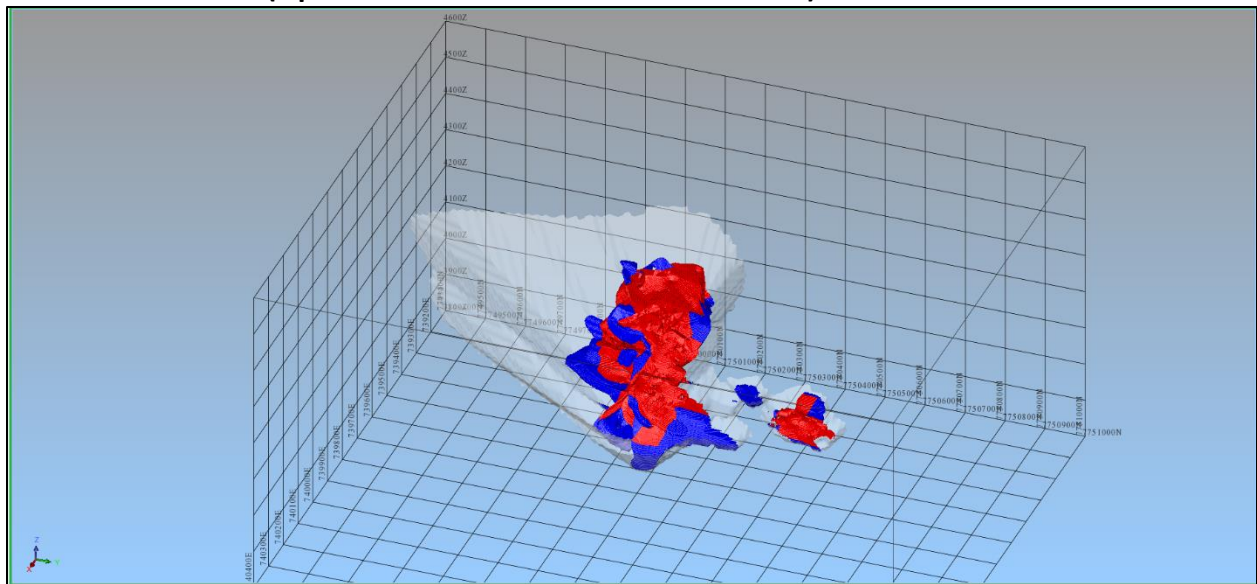
(AgEq g/t: Blue 30 – 50 g/t, Green 50 – 100 g/t, Yellow 100 – 200 g/t, Orange 200 – 400 g/t, Red 400 – 800 g/t, Pink ≥ 800 g/t)

Figure 11.52: Isometric View to the Southeast of the Paca Deposit Mineral Resource Estimate Category Distribution at a Pit Constrained 30 g/t AgEq Sulphide Zone Cut-Off and a Pit Constrained 50 g/t Ag Oxide Zone Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



(Category: Red – Indicated, Blue – Inferred)

Figure 11.53: Isometric View to the Southwest of the Paca Deposit Mineral Resource Estimate Category Distribution at a Pit Constrained 30 g/t AgEq Sulphide Zone Cut-Off and 50 g/t Ag Oxide Zone Cut-Off (Optimized Pit Shell is Silver - 100 m Grid)



(Category: Red – Indicated, Blue – Inferred)

11.3.13 Validation of Mineral Resource Models

Results of block modeling were reviewed in three dimensions and compared on a section-by-section basis with associated drill hole data. Block grade distribution was shown to have acceptable correlation with the grade distribution of the underlying drill hole data. Silver, lead, and zinc grade descriptive statistics, shown below in Table 11.19, were calculated for all interpolated blocks at a zero cut-off value and were compared to the values of the combined assay composite population (100 g/t Ag domain and 45 g/t AgEq domain). Average grades compare favorably between the composite and block populations. As expected, the large block grade population is characterized by lower coefficient of variation, standard deviation and variance values than those of the assay composite population.

Table 11.19: Paca Deposit Comparison of Block and Composite Values

Parameter	Capped Composite Values			Block Values		
	Ag g/t	Pb %	Zn %	Ag g/t	Pb %	Zn %
Mean Grade	55.97	0.73	0.99	58.69	0.69	0.78
Maximum Grade	1400	10.63	5.41	850.36	5.14	3.69
Minimum Grade	0	0	0	0.49	0.01	0.01
Variance	16,477	0.55	0.74	8524	0.2	0.33
Standard Deviation	128.36	0.74	0.86	92.32	0.45	0.58
Coefficient of Variation	2.29	1.01	0.86	1.57	0.65	0.75
Number of Samples	6,622	6,622	6,622	1,952,229	1,952,229	1,952,229

Block volume estimates for each mineral resource solid were compared with corresponding solid model volume reports generated in Surpac and results show acceptable correlation, indicating consistency in volume capture and block volume reporting. Report author M. Harrington created swath plots in the easting and vertical directions comparing average composite grades and global mass weighted block grades. Figures 11.54, 11.55, and 11.56 present east-west swath plots of the Paca deposit and show an acceptable correlation between composite and block grade populations.

Figure 11.54: East-West Swath Plot of Paca Deposit Assay Composite and Block Silver Grades

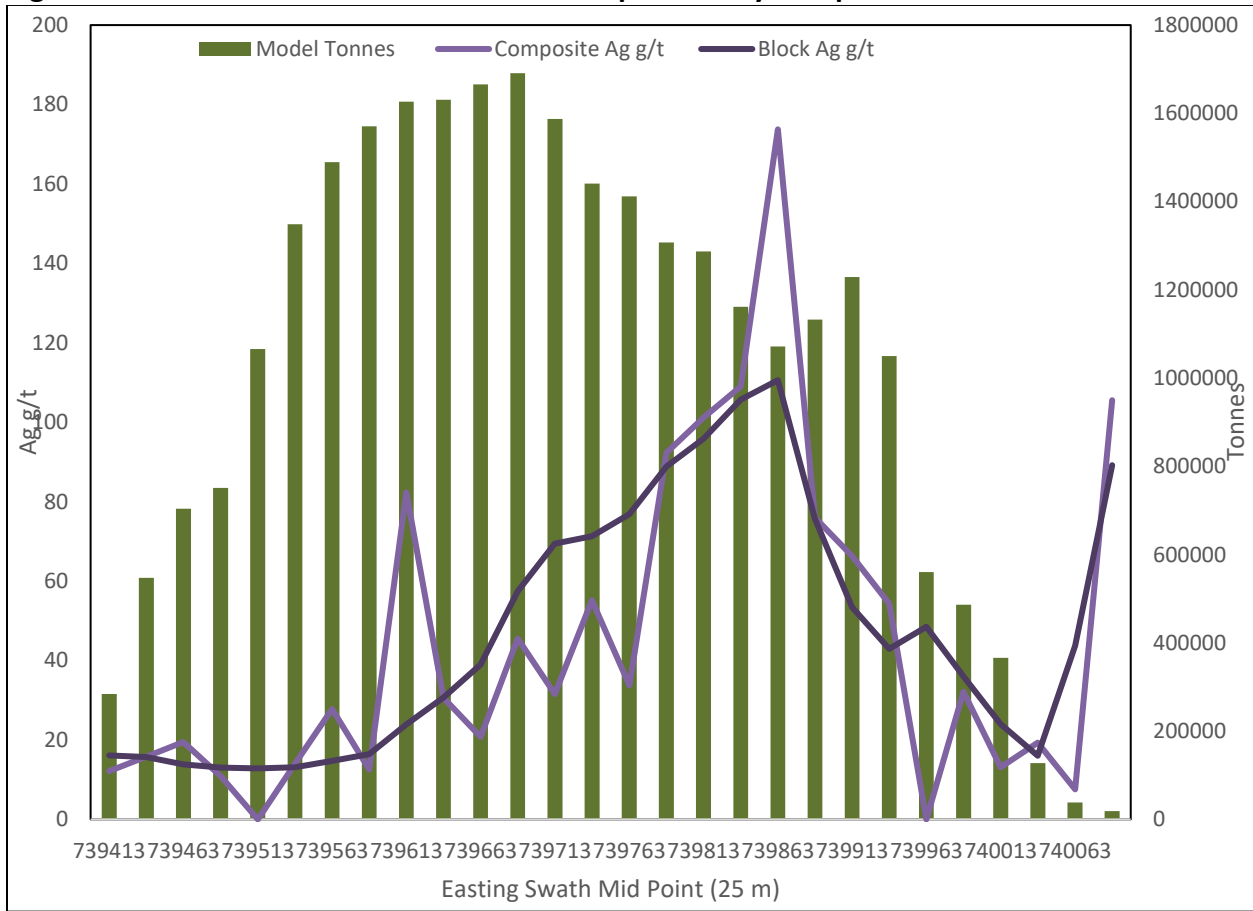


Figure 11.55: East-West Swath Plot of Paca Deposit Assay Composite and Block Lead Grades

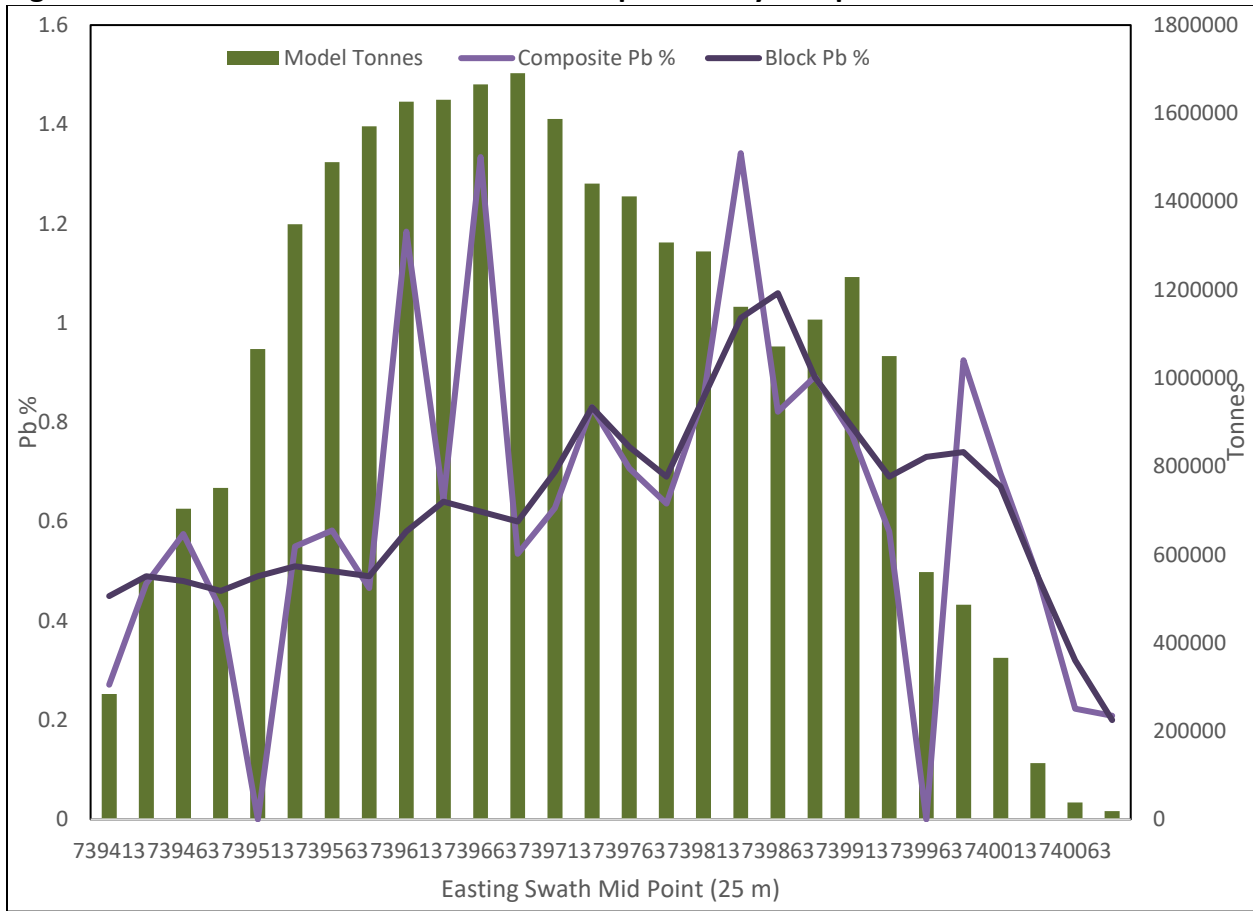
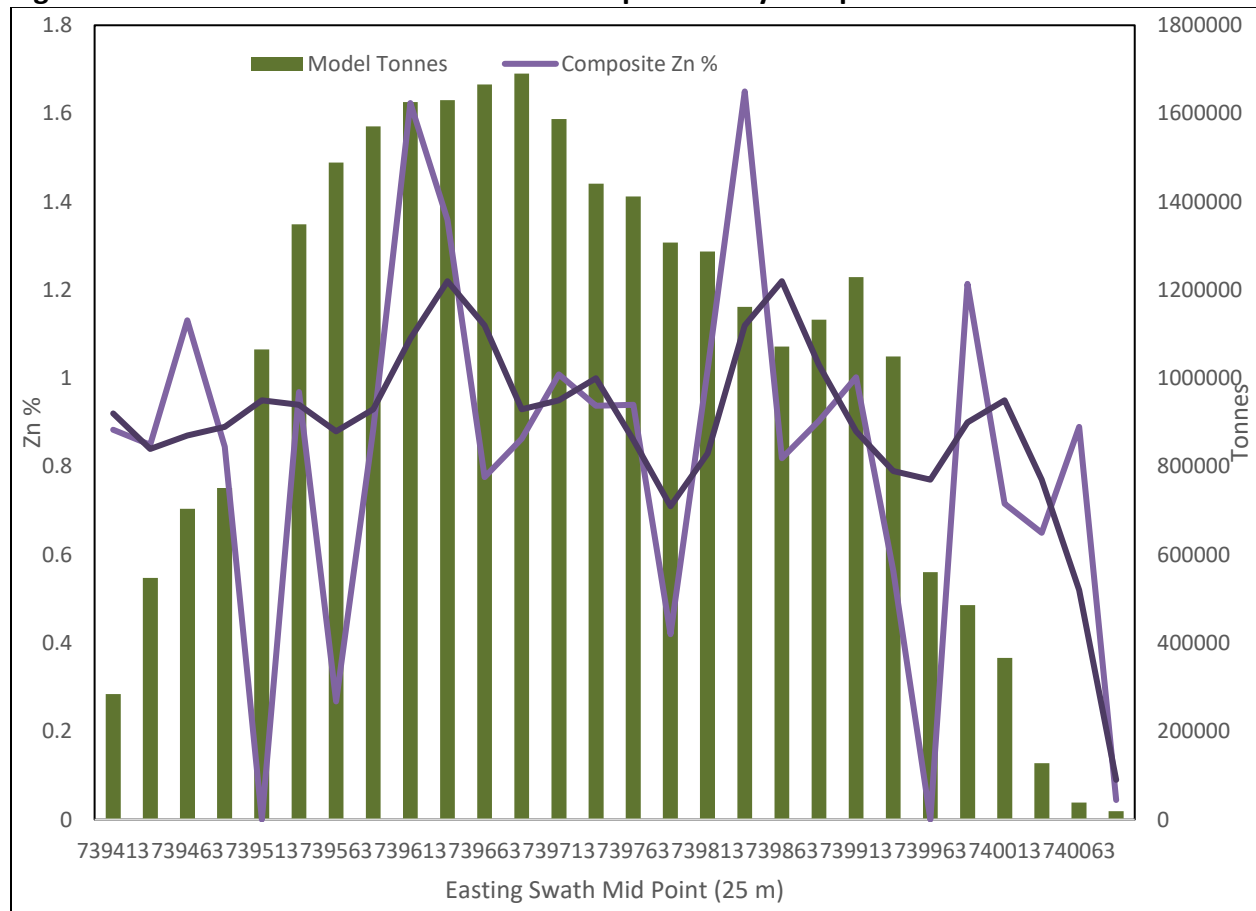


Figure 11.56: East-West Swath Plot of Paca Deposit Assay Composite and Block Zinc Grades



11.3.14 Tonnage and Grade Sensitivity

Tonnages and average grades at various AgEq cut-off grades are presented in Table 11.20 for Pit Constrained sulphide mineral resources and tonnages and average grades at various Ag cut-off grades are presented in Table 11.21. Approximately 88% of the Pit Constrained sulphide mineral resource is retained at a cut-off grade of 60 g/t AgEq, double the mineral resource cut-off grade of 30 g/t AgEq. Tonnages decrease significantly at higher cut-off grades for Pit Constrained sulphide mineral resources, representative of the large amount of tonnes associated with the mantos style mineralization and smaller amount of tonnes associated with breccia feeder style mineralization. Pit Constrained oxide mineral resources demonstrate a moderate sensitivity to Ag cut-off grade and support relatively high-grade silver relative to the Pulacayo deposit.

Table 11.20: Paca Deposit Pit Constrained Sulphide Zone Sensitivity Analysis

Cut-off Grade (Ag Eq. g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	Ag Eq g/t
15	Indicated	20,785,000	45	0.66	1.07	105
	Inferred	3,200,000	44	0.63	0.74	90
*30	Indicated	20,595,000	46	0.67	1.07	106
	Inferred	3,050,000	46	0.65	0.76	94
60	Indicated	15,905,000	56	0.76	1.20	123
	Inferred	1,855,000	67	0.81	0.88	123
90	Indicated	8,600,000	87	0.95	1.38	164
	Inferred	950,000	114	0.95	0.94	171
150	Indicated	3,055,000	181	1.20	1.41	258
	Inferred	335,000	242	0.96	0.67	276
200	Indicated	1,810,000	256	1.22	1.22	318
	Inferred	190,000	338	0.98	0.61	360
300	Indicated	765,000	370	1.28	1.20	421
	Inferred	115,000	440	0.67	0.41	432
400	Indicated	300,000	490	1.47	1.38	542
	Inferred	50,000	545	0.82	0.39	530

*Mineral resource Estimate cut-off grade highlighted

Table 11.21: Paca Deposit Pit Constrained Oxide Zone Sensitivity Analysis

Cut-off Grade (Ag g/t)	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %
30	Indicated	1,805,000	128		
	Inferred	500,000	102		
*50	Indicated	1,095,000	185		
	Inferred	345,000	131		
90	Indicated	800,000	231		
	Inferred	235000	159		
200	Indicated	420,000	311		
	Inferred	55000	285		

*Mineral resource Estimate cut-off grade highlighted

11.3.15 Project Risks that Pertain to the Paca Mineral Resource Estimate

All mineral projects are subject to risks arising from various sources. These include, but are not limited to, the following:

1. Political instability of the host country or region;
2. Site environmental conditions that affect deposit access;
3. Issues associated with legal access to sufficient land areas to support development and mining;
4. Lack of certainty with respect to mineral tenure and development regulatory regimes;
5. Lack of social licence for project development;
6. Unforeseen negative market pricing trends;
7. Inadequacy of deposit modelling and grade estimation programs with respect to actual metal grades and tonnages contained within the deposit; and
8. Metallurgical recoveries that fall within economically acceptable ranges cannot be attained.

Similar to the Pulacayo deposit, the Paca deposit is situated in a country that has experienced recent political unrest and volatility and this presents a potential risk associated with the project. However, Silver Elephant and its predecessor Apogee have had a tenured presence in the region and a long history of community initiatives that have helped reduce the risk of operating in a country such as Bolivia with potentially lower political stability. Examples of associated risk factors include tenure of mineral titles and continuity of agreements with government-controlled entities such as COMIBOL or with non-government labour groups.

Metal pricing is a substantive risk for many mining projects, particularly those with potential for a long mine life. Current pit optimization assessments demonstrate that moderate decreases in metal pricing should not dramatically impact potential economic viability of an open pit mining scenario for Paca when evaluated exclusively on an operating cost basis.

11.3.16 Comparison with Historical Paca Resource Estimates

The most recent historical resource estimate for the Paca deposit was completed on October 20, 2017. This report is referenced herein as Cullen and Webster (2017). The 2017 historical estimate prepared for the deposit applied methodologies specifically aimed at defining high grade silver mineralization and minimizing potential dilution of metals with adjacent lower grade tonnes. For these reasons, results differ substantially from current mineral resource estimate results by having higher metal grades, thinner mineralized zone solids and significantly lower tonnages defined at much higher cut-off values. However, the sensitivity analysis of the current mineral

resource estimate demonstrates comparable mineral resources defined at the 200 g/t AgEq cut-off value used in the 2017 historical estimate. The slight decrease in tonnes at that cut-off value may be associated with several factors, including but not necessarily restricted to, a difference in interpolation methods, grade domain cut-off values, and the effect of additional diamond drill results completed by Silver Elephant in 2020. The value (price) of silver is comparable between the current mineral resource and the 2017 historical estimate. The 2017 historical estimate has been superseded by the current mineral resource estimate for the Paca deposit.

A notable advance in the current mineral resource estimate compared to the 2017 historical estimate is in the amount of Indicated mineral resources defined. This reflects additional validation of the geological and associated grade domain modelling strategy which was in part based on new data from the Silver Elephant early 2020 drilling program.

12.0 Mineral Reserve Estimates

This section is not applicable.

13.0 Mining Methods

This section is not applicable.

14.0 Processing and Recovery Methods

This section is not applicable.

15.0 Infrastructure

This section is not applicable. The Pulacayo Project is not currently an advanced project and all pertinent details related to existing infrastructure are disclosed in Section 4 of this TRS.

16.0 Market Studies

This section is not applicable.

17.0 Environmental Studies, Permitting, And Plans, Negotiations, Or Agreements with Local Individuals Or Groups

This section is not applicable. The Pulacayo Project is not currently an advanced project and all pertinent details related to existing permits and land access agreements are disclosed in Section 3 of this TRS.

18.0 Capital and Operating Costs

This section is not applicable.

19.0 Economic Analysis

This section is not applicable.

20.0 Adjacent Properties

There are no adjacent properties as defined under Regulation S-K 1300 that are pertinent to the Pulacayo and Paca deposits described in this TRS.

21.0 Other Relevant Data and Information

The report authors are not aware of any other relevant data or additional information necessary to provide a complete and balanced presentation of the value of the property to the registrant, or that is necessary to support the current mineral resource estimates disclosed in this TRS.

22.0 Interpretation and Conclusions

22.1 Introduction

This TRS discloses current mineral resource estimates for the Pulacayo and Paca silver-zinc-lead deposits prepared by the report authors (Mercator) on behalf of Silver Elephant. This TRS documents updated mineral resource estimates for the two deposits that differ from the preceding historical estimates by their inclusion of open-pit optimization methods for reporting of mineral resources and meeting reasonable prospects for economic extraction. The current mineral resource estimates disclosed in this TRS have been classified in accordance with the mineral resource category definitions for Mineral Resources under Regulation S-K 1300.

22.2 Pulacayo and Paca Deposit Geological Interpretation

The Pulacayo deposit is interpreted as a low sulphidation to transitional epithermal deposit that hosts both precious and base metal mineralization within Silurian sediments of the Quenhua Formation and intruding Miocene andesitic volcanic rocks of the Rothchild and Megacrystal units. Mineralization comprising the deposit occurs primarily within a discrete corridor designated the Tajo Vein System or TVS that has been historically defined along a strike length of approximately 2.7 km and to a vertical depth from surface of about 1 km. The Pulacayo mineral resource estimate presented in this TRS covers only about 1.5 km of known TVS strike length and only about 660 m of depth extent below surface.

The Paca deposit is also interpreted to be a low to transitional sulphidation epithermal deposit that contains both precious and base metal mineralization. Mineralization of potential economic interest occurs in association with the Tertiary age Paca volcanic dome complex and takes the form of thin veinlets, fracture fillings, disseminations and breccia matrix replacements hosted by either altered volcanoclastic sedimentary lithologies, or altered, intermediate to felsic composition igneous and tectonic breccia lithologies. The intensity of argillic alteration is greatest in areas of highest concentrations of metallic mineral phases such as sphalerite, galena, argentite and tetrahedrite. Stratabound, disseminated mineralization and breccia hosted mineralization predominate within the deposit but discrete polymetallic veins are also present locally. The deposit occurs at the contact of the andesitic intrusive Paca dome with volcanoclastic sedimentary host lithologies. Bedded and cross-cutting breccia deposits that are important host rocks to high grade mineralization commonly show close spatial association with the contact zone of the predominantly andesitic Paca dome intrusion.

22.3 Pulacayo Project Mineral Resource Estimates and Conclusions

Geovia Surpac[®] Version 2020 was used to create the Pulacayo Project block models, associated geological and grade solids, and to interpolate silver-zinc-lead grade. The current mineral resource estimates are based on combined results of 92,900 m of drilling, 44,469 core or chip analytical results, 355 trench samples, and 71 underground channel or chip samples for the two deposits. A summary of the mineral resource estimates for the Pulacayo Project with an effective date of October 13th, 2020 is shown below in Table 22.1.

Reasonable prospects for economic extraction were determined using the following technical and economic factors:

- Pit Constrained mineral resources were defined for each deposit within optimized pit shells developed using Geovia Whittle software utilizing the Pseudoflow algorithm;
- Sulphide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and general and administration (G&A) costs at US\$12.50 per tonne processed, and haulage costs at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Oxide zone pit optimization parameters included mining at US\$2.00 per tonne, combined processing and G&A at US\$23.50 per tonne processed, and haulage at US\$0.50 per tonne processed for Pulacayo and US\$2.00 per tonne for Paca;
- Metal prices used for the sulphide zone mineral resources are US\$17/oz Ag, US\$0.95/lb Pb, and US\$1.16/lb Zn. Silver price reflects consideration of the World Bank Commodity 3-year trailing average Ag price of US\$16.45/Troy oz. ending in July 2020, World Bank Commodity 10 year (2020 to 2029) forecast Ag price of US\$17.38/Troy oz., and average Ag pricing of US\$17/Troy oz calculated from Pan American Silver Ltd., First Majestic Silver Corp, Coeur Mining Inc., and Fortuna Silver Mines Inc. reporting of mineral resources and mineral reserves during the 2019 period. Lead and zinc prices reflect World Bank Commodity 3-year trailing averages ending in July 2020. Silver price used for oxide zone mineral resources is US\$17/oz Ag based on the same factors discussed above;
- Metal recoveries of 89.2% Ag, 91.9% Pb, and 82.9% Zn for sulphide zone mineral resources and 80% Ag recovery for the oxide zone mineral resources were used and reflect historical metallurgical results for high grade test sampling disclosed previously by Apogee Silver Ltd. in the 2013 Feasibility Study by TWP (Porter et al. 2013);

- Pit Constrained sulphide mineral resources are reported at a cut-off grade value of 30 g/t silver equivalent (AgEq – refer to metal equivalent calculation in Section 11.1.2) within optimized pit shells;
- Pit Constrained oxide mineral resources are reported at a cut-off grade value of 50 g/t silver (Ag) within optimized pits shells;
- Pit Constrained cut-off grades are based on total operating costs and reflect reasonable prospects for economic extraction using conventional open-pit mining methods; and
- Out of Pit mineral resources are reported external to the optimized pit shells at a cut-off grade of 100 g/t AgEq. Out of Pit mineral resources are considered to have reasonable prospects for economic extraction using conventional underground mining methods such as long-hole stoping techniques based on a mining cost of US\$35 per tonne and processing and G&A cost of \$20.00 per tonne processed.

Table 22.1: Pulacayo Project Mineral Resource Estimate – Effective Date: October 13, 2020*

Pit Constrained Mineral Resources								
Deposit(s)	Cut -off	Zone	Category	Rounded Tonnes	Ag g/t	Pb %	Zn %	AgEq g/t
Pulacayo	50 Ag g/t	Oxide	Indicated	1,090,000	125			
			Inferred	25,000	60			
	30 AgEq g/t	Sulfide	Indicated	24,600,000	76	0.70	1.63	156
			Inferred	745,000	82	0.61	1.79	164
Paca	50 Ag g/t	Oxide	Indicated	1,095,000	185			
			Inferred	345,000	131			
	30 AgEq g/t	Sulfide	Indicated	20,595,000	46	0.67	1.07	106
			Inferred	3,050,000	46	0.65	0.76	94
Out of Pit Mineral Resources								
Pulacayo	100 AgEq g/t	Sulfide	Indicated	660,000	268	0.44	1.35	307
			Inferred	900,000	179	0.42	2.14	257
Combined Pit Constrained and Out of Pit Mineral Resources**								
Pulacayo and Paca	50 Ag g/t	Oxide	Indicated	2,185,000	155			
			Inferred	370,000	126			
	30/100 AgEq g/t	Sulfide	Indicated	45,855,000	65	0.69	1.37	136
			Inferred	4,695,000	77	0.60	1.19	136

* See detailed notes on mineral resources in Sections 11.2.13 and 11.3.12

** “Combined Pit Constrained and Out of Pit Mineral Resources” for the Pulacayo Project is the tonnage-weighted average summation of the Pulacayo deposit Pit Constrained and Out of Pit mineral resources and the Paca deposit Pit Constrained mineral resource.

Based on results of the current 2020 mineral resource estimates disclosed in this TRS, the report authors conclude that detailed economic assessment studies are warranted going forward to assess the economic viability of a combined open-pit mining scenario for the Pulacayo and Paca deposits with the possibility of underground mining opportunities. The current mineral resource estimates for the Pulacayo Project represents a 226% increase in total sulphide zone contained silver metal equivalent from the 2017 historical resource estimate and includes definition of a new oxide zone mineral resource. Increases in total contained metal directly reflect the transition from a low tonnage high grade assessment approach applied in the 2017 historical estimate to the low grade, open-pit mining concept of the current mineral resource estimates.

22.4 Significant Risks and Uncertainties

All mineral projects are subject to risks arising from various sources. With respect to the Pulacayo Project these include, but are not limited to, the following:

1. Political instability of the host country or region;
2. Site environmental conditions that affect deposit access;
3. Issues associated with legal access to sufficient land areas to support development and mining;
4. Lack of certainty with respect to mineral tenure and development regulatory regimes;
5. Lack of social licence for project development;
6. Unforeseen negative market pricing trends;
7. Inadequacy of deposit modelling and grade estimation programs with respect to actual metal grades and tonnages contained within the deposit; and
8. Metallurgical recoveries that fall within economically acceptable ranges cannot be attained.

With specific reference to items 1, 3 and 5 above, Silver Elephant and its predecessor, Apogee, in combination have had a long-tenured presence in the Pulacayo region and a long history of positive community initiatives that have been met with support. These factors should reduce overall project risk related to political and social licence issues. The relatively high grades of much of the Pulacayo Project mineralization should provide some protection from future decreases in metal pricing. Technical work carried out to date on the project has served to further reduce the risks associated with items 7 and 8 above.

The report authors do not foresee any other significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration results and current mineral resource estimates disclosed in this TRS.

23.0 Recommendations

Recommendations shown below by the report authors address expansion of existing mineral resources at both deposits, completion of metallurgical studies on low grade sulphide and oxide mineralization types that are reflected in current mineral resources, completion of further infill, deposit extension, and exploratory drilling prior to updating of mineral resource estimates and completion of a Preliminary Economic Assessment (PEA) study for the resulting combined Pulacayo and Paca mineral resources. Results of these programs should inform Silver Elephant with respect to further requirements for Pre-feasibility to Feasibility level studies necessary to define mineral reserves in accordance with Regulation S-K 1300.

23.1 Recommendations for Pulacayo Project

The report authors are of the opinion that further technical and financial assessment of a large open-pit development scenario for the Pulacayo Project is warranted and that both mineral resource extension and new mineral resource definition opportunities exist on the Project and warrant future exploration. Recommendations arising from the current mineral resource estimates and recent project reviews include:

1. Open pit planning, geological and engineering studies of sufficient detail to support a PEA of future development possibilities for the Pulacayo and Paca deposits.
2. The Paca deposit currently lacks up to date, comprehensive metal recovery information and completion of definitive metallurgical studies for the deposit are recommended for the next phase of project assessment. Additional metallurgical studies should focus on low grade oxide and sulphide mineralization for the Pulacayo deposit. Results of such studies would provide necessary inputs for the future definition of Mineral Reserves.
3. Historical mine workings are present to a substantial depth below the base of the current detailed digital workings model for the Pulacayo deposit prepared by report author M. Harrington. These additional workings are defined in hard copy historical mine records and should be digitally compiled and merged with the current digital workings model to support future work on the Pulacayo deposit. Historical assay results for underground sampling of mine workings have not been digitized to date and it is recommended that this be carried out, beginning within current mineral resource areas and progressing systematically through deeper mine levels. Continued evaluation and validation of the current workings model is also warranted.

4. The Pulacayo deposit remains open along strike to the east and west and also down-dip. Further core drilling to define potential resource extensions is warranted and should be focused on extensions of both low and high grade metal trends that are defined by the current block model. Target opportunities within approximately 200 vertical m of surface should have highest priority. An initial drilling program of 5,000 m is recommended at Pulacayo.
5. Additional infill drilling is recommended to upgrade mineral resource categorizations and further define metal grade trends within the Paca deposit. Infill drilling of the currently defined deposit should be carried out at 50 m spaced sections along the length of the deposit. This drilling program should include initial testing of potential deposit extension areas both down dip and along strike to both east and west. An infill drilling program of 5,000 m is recommended at Paca.
6. Initial drilling assessments of the main tailings/waste rock deposits sampled by Silver Elephant in 2014 and 2015 should be completed to support future definition of mineral resources for these deposits. A study to determine the most effective method of drilling to apply in such an assessment is recommended.
7. An updated mineral resource estimate for the Pulacayo Project should be prepared after completion of the deposit extension and infill drilling programs noted above.
8. If warranted, definition drilling of the waste rock and tailings areas should be carried out to determine its mineral resource potential.
9. A PEA for the Pulacayo Project based on updated mineral resource estimates as described above is also recommended. PEA results should provide guidance regarding subsequent initiation of Pre-Feasibility or Feasibility level studies required to define mineral reserves.
10. Community and social impact studies, stakeholder engagements, and baseline environmental studies to support the potential future mining development of the Pulacayo Project should also commence immediately.

A recommended work program with an estimated budget of US\$3.61 million is proposed to support further evaluation of the deposits comprising the Pulacayo Project. Estimated expenditures are ordered within a two-phase framework, with Recommendations 1 through 7 above assigned to Phase 1 and Recommendations 8 through 10 above assigned to Phase 2. The Company's advancement to Phase 2 would be contingent upon the results of Phase 1.

23.2 Proposed Budget for Pulacayo Project

The US\$3.61 million estimated budget presented in Table 23.1 below is proposed to support the recommendations presented above. Two phases of work are proposed, with re-evaluation and possible revision of Phase 2 initiatives to be carried out after completion of Phase 1.

Table 23.1: Proposed Pulacayo Project Budget - Phases 1 and 2

Program Phase	Program Component	Estimated Cost (US\$)
1	Open-pit mine planning, geological and geotechnical engineering studies	200,000
1	Metallurgical studies	200,000
1	Expansion of digital mine model and addition of historic assay data	50,000
1	Resource extension, infill and exploratory surface and underground diamond drilling programs analyses, support and reporting – 10,000 m total	1,800,000
1	Waste rock study	75,000
1	Continuation of community relations, support and environmental monitoring programs	75,000
1	Completion of an updated Pulacayo deposit mineral resource estimate and TRS after completion of drilling	75,000
	Subtotal Phase 1	2,475,000
2	Drilling assessment of tailings/waste rock areas and, if results warrant, completion of a mineral resource estimate for tailings/waste rock deposits (2,000 m of shallow drilling plus analyses and support)	435,000
2	Completion of a PEA that includes all Pulacayo and Paca deposit mineral resources based on an updated mineral resource estimate noted in Phase 1 above and the Phase 2 Waste Rock mineral resource estimate, if applicable, to determine future Pre-feasibility or Feasibility study requirements	250,000
2	Continuation of community relations, social impact studies, and baseline environmental studies	150,000
	Subtotal Phase II	835,000
	Total Phase I and II	3,310,000
	Contingency	300,000
	Grand Total	3,610,000

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25.0 Reliance on Information Provided by The Registrant

This TRS has been prepared by Mercator and the report authors for Silver Elephant Mining Corp. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available to the Mercator and the report authors at the time of preparation of this TRS,
- Assumptions, conditions, and qualifications as set forth in this TRS, and
- Data, reports, and other information supplied by Silver Elephant and other third-party sources.

Mercator and the report authors have not researched property title or mineral rights for the Pulacayo Project as we consider it reasonable to rely on Silver Elephant's legal counsel who is responsible for maintaining this information.

Mercator and the report authors have relied on Silver Elephant for guidance on applicable taxes, royalties, and other government levies or interests applicable to the Pulacayo Project as stated in the Executive Summary and Section 3 of this TRS. As the Pulacayo Project has been under exploration and development for over 15 years, Silver Elephant and its predecessor companies have considerable experience in this area.

The Qualified Person report authors have taken all appropriate steps, in their professional opinion, to ensure that the above information from Silver Elephant is sound.

Except for the purposes legislated under provincial securities laws, any use of this TRS by any third party is at that party's sole risk.

26.0 Date and Signature Page

This technical report summary titled “S-K 1300 Technical Report Summary For The Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia” with an effective date of April 29, 2022 was prepared and signed by:

Dated: May 2, 2022

[Original signed and sealed “Matthew Harrington”]

Matthew Harrington, B.Sc., P.Geol.
President
Mercator Geological Services Limited

Dated: May 2, 2022

[Original signed and sealed “Michael Cullen”]

Michael Cullen, M.Sc., P.Geol.
Chief Geologist
Mercator Geological Services Limited

Dated: May 2, 2022

[Original signed and sealed “Osvaldo Arce”]

Osvaldo Arce, Ph.D., P.Geol.
Independent Consultant
Minera Tupiza S.R.L., Bolivia

CONSENT OF MATTHEW HARRINGTON

I consent to the use of my name, or any quotation from, or summarization of, the technical report summary entitled “S-K 1300 Technical Report Summary For The Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia”, dated April 29, 2022, prepared by me, and included or incorporated by reference in the Annual Report on Form 20-F for the period ended December 31, 2021 (the “20-F”) of Silver Elephant Mining Corp. being filed with the United States Securities and Exchange Commission, and any amendments or supplements thereto;

I further consent to the filing of the technical report summary as an exhibit to the 20-F.

[Original signed and sealed “Matthew Harrington”]

Matthew Harrington, B.Sc., P. Geo.
President, Mercator Geological Services Limited

Date: May 2, 2022

CONSENT OF MICHAEL CULLEN

I consent to the use of my name, or any quotation from, or summarization of, the technical report summary entitled “S-K 1300 Technical Report Summary For The Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia”, dated April 29, 2022, prepared by me, and included or incorporated by reference in the Annual Report on Form 20-F for the period ended December 31, 2021 (the “20-F”) of Silver Elephant Mining Corp. being filed with the United States Securities and Exchange Commission, and any amendments or supplements thereto;

I further consent to the filing of the technical report summary as an exhibit to the 20-F.

[Original signed and sealed “Michael Cullen”]

Michael Cullen, M.Sc., P.Geo.
Chief Geologist, Mercator Geological Services Limited

Date: May 2, 2022

CONSENT OF OSVALDO ARCE

I consent to the use of my name, or any quotation from, or summarization of, the technical report summary entitled “S-K 1300 Technical Report Summary For The Pulacayo Project, Potosí Department, Anttonio Quijarro Province, Bolivia”, dated April 29, 2022, prepared by me, and included or incorporated by reference in the Annual Report on Form 20-F for the period ended December 31, 2021 (the “20-F”) of Silver Elephant Mining Corp. being filed with the United States Securities and Exchange Commission, and any amendments or supplements thereto;

I further consent to the filing of the technical report summary as an exhibit to the 20-F.

[Original signed and sealed “Oswaldo Arce”]

Oswaldo Arce, Ph.D., P.Geo.

Independent Consultant, Minera Tupiza S.R.L.

Date: May 2, 2022