(Formerly AbraPlata Resource Corp.)

Management's Discussion and Analysis
Year ended December 31, 2020

(Expressed in Canadian Dollars)

*This Management's Discussion and Analysis ("**MD&A**") of AbraSilver Resource Corp. should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2020. All dollar amounts included in this MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to April 28, 2021.*

1. OVERVIEW OF THE COMPANY

AbraSilver Resource Corp. ("**AbraSilver**" or the "**Company**") is a Canadian-based precious metals exploration company headquartered in Toronto, Canada. The Company was originally incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company's registered office is located at Suite 550, 220 Bay Street, Toronto, ON, M5J 2W4. The Company changed its name to Angel Bioventures Inc. on August 28, 2013. Subsequently on March 23, 2017 the Company changed its name to AbraPlata Resource Corp. and on March 4, 2021 to AbraSilver Resource Corp.

On September 16, 2016, the Company signed a binding Letter of Intent ("**LOI**") with Huayra Minerals Corporation ("**Huayra**"). The LOI sets out the key terms of the proposed acquisition by the Company of 100% of the issued and outstanding securities of Huayra. Huayra is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties in Argentina. Huayra has an agreement (the "**SSRM Agreement**") with SSR Mining Inc. ("**SSRM**") to acquire an indirect 100% interest in the Diablillos and Aguas Perdidas (previously known as "M-18") properties in Salta and Chubut Provinces, Argentina. Huayra also had rights in the Cerro Amarillo project in the Province of Mendoza, Argentina.

On November 15, 2016, the Company and its wholly owned subsidiary, 1096494 BC Ltd., entered into a definitive merger agreement (the "**Merger Agreement**") with Huayra. As per the terms of the Merger Agreement, Huayra and 1096494 BC Ltd. amalgamated (the "**Amalgamation**") and the amalgamated company became a wholly owned subsidiary of the Company. Pursuant to the Amalgamation, the Company acquired all of the issued and outstanding Class A common shares of Huayra in exchange for a like number of common shares of the Company. The Amalgamation was an arm's length transaction and constituted a "reverse takeover" pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"). Pursuant to the terms of the Merger Agreement, the Company undertook a concurrent financing of $2,863,099 to meet the initial listing requirements of the Exchange (the "**Concurrent Financing**").

The Amalgamation became effective on April 24, 2017. In this regard, the Company entered into an agreement with SSRM providing for the Company's assumption of all of Huayra's obligations under the SSRM Agreement. Such obligations include, but are not limited to, SSRM's right under the SSRM Agreement to: (i) a free carried equity interest in the Company until the completion of a public offering of US$5,000,000 or more (the "**Anti-Dilution Right**"); (ii) participate in future equity financings to maintain its ownership level in the Company for as long as SSRM continues to hold more than ten percent of the then issued and outstanding shares of the Company on a non- diluted basis; (iii) receive cash payments of approximately US$1,150,000 over the first two years and US$12,500,000 over the following four to six years; and (iv) a 1% net smelter returns royalty on production from each of the properties.

On December 19, 2019 (the "**Effective Date**"), the Company and Aethon completed a business combination of AbraPlata and Aethon whereby AbraPlata acquired all of the issued and outstanding common shares of Aethon (the "**Arrangement**") and Aethon became a wholly-owned subsidiary of AbraPlata, pursuant to an arrangement agreement entered into between AbraPlata and Aethon on September 11, 2019 and amended on October 15, 2019.

2. HIGHLIGHTS

The Company's key events and highlights from January 1, 2020 to the date of this MD&A, include the following:

- At the Diablillos project, approximately 8,900 metres of diamond drilling was completed in 2020 resulting in 33 holes. Throughout the year, multiple high-grade silver, gold and copper exploration results were announced from the Oculto zone as part of the ongoing 13,000-metre drill program.

- The successful completion of three equity financings for aggregate gross proceeds of $25 million, also resulting in Mr. Eric Sprott becoming the Company's largest shareholder.

- Strong share price appreciation with increased shareholder value of 750% for the year, resulting in the Company being among the best performing mineral exploration companies listed on the TSX-Venture Exchange.

- On August 27,2020, the Company held its Annual and Special Meeting of Shareholders.

- During the twelve months ended December 31,2020 the Company issued 21,452,420 shares after 21,452,420 Warrants were exercised at a weight average price of $ 0.18, for net proceed of $3,843,237.

- During the twelve months ended December 31,2020 the Company issued 2,728,125 shares after 2,728,125 Stock Options were exercised at a weighted average price of $0.13, for net proceeds of $353,937.

3. EXPLORATION AND EVALUATION

Diablillos Project

The Diablillos project covers an area of approximately 79km^2 in the Salta Province of northwestern Argentina and hosts epithermal precious metal mineralization in a number of mineral occurrences. The main deposit is known as Oculto, and this silver-gold deposit is surrounded by various satellite occurrences including the Fantasma Ag-rich zone. To the north of Oculto lies the Cerro Viejo – Cerro Blanco copper-gold mineralized zone and its related Northern Arc of gold-rich occurrences. The Diablillos project was acquired by the Company from SSRM in 2016.

The Diablillos project lies within the border zone between the Province of Salta and the Province of Catamarca. For many years, the definitive border line between Salta and Catamarca has been in dispute and the Diablillos project falls within territory claimed by both provinces. In 1984, the government of Salta granted mineral rights to the Diablillos project to one of the Company's predecessors-in-title. In the early 2000s, the government of Catamarca granted overlapping mineral rights in the same area, to a third party, thereby creating the potential for conflicting titles pending the resolution of the border dispute, a matter falling within the jurisdiction of the federal government under the Constitution of Argentina. Additional details respecting the provincial border dispute and the potentially conflicting titles to the Diablillos project can be found in the Company's Filing Statement dated March 1, 2017, a copy of which is filed under the Company's profile on SEDAR (www.sedar.com).

3. EXPLORATION AND EVALUATION (continued)

The Company reached an agreement with the shareholders of Minera Cerro Bayo SA ("Cerro Bayo"), the owner of the conflicting mineral rights granted by the government of Catamarca, to acquire a 100% equity interest in Cerro Bayo, thereby indirectly acquiring ownership and control of the conflicting mineral interests. As consideration, the Company will pay US$3,325,000 in cash and issue 500,000 common shares of the Company to the shareholders of Cerro Bayo in instalments over an eight-year period. As at the date of this MD&A, USD 895,000 have been paid and 500,000 shares have been issued.

Diablillos – Oculto Main Mineralized Zone

The Oculto deposit, contains the majority of the Indicated Resources known from the project which, as previously estimated by Roscoe Postle Associates Inc ("RPA"), amount to 27.1 million tonnes at a grade of 93.1 g/t silver and 0.84 g/t gold and containing 80.9 million oz silver and 732k oz gold (i.e., 136 million oz AgEq or 1.8 million oz AuEq using a gold:silver ratio of 75:1). AbraSilver completed a Preliminary Economic Assessment ("PEA") in March 2018, based on an open pittable resource model. The PEA was completed and the conclusions published in a news release dated March 2, 2018. This was followed by a Technical Report which was filed on SEDAR on April 16, 2018. The Report is entitled "Technical Report on the Diablillos Project, Salta Province" and was authored by independent Qualified Persons at Roscoe Postle Associates Inc. and prepared in accordance with National Instrument 43-101.

Q4 And Fully Year 2020 Exploration Highlights

During 2020, the Company issued several news releases announcing program updates and results of its exploration activities. The Company successfully achieved all three of its top priorities with the drill program, namely:

(1) Identify additional gold resources in the deeper oxide gold zone;

(2) Extend silver-gold mineralization northeast of the Whittle Pit boundary;

(3) Define a shallow gold zone (from surface to ~100m depth) which would benefit early open pit mining operations.

Throughout the year the Company issued several announcements regarding the exploration program, including:

- AbraSilver Intersects 17.5 Metres of 604 g/t Silver and 7.0 Metres of 20.6 g/t Gold with 202 g/t Silver at Diablillos Project (news release dated January 27, 2020)
- AbraSilver Intercepts 14 Metres of 6.40 g/t Gold & 197 g/t Silver and Identifies High Grade Copper Zone with Intercept of 15 Metres of 5.1% Copper, 2.35 g/t Gold & 658 g/t Silver (news release dated February 19, 2020)
- AbraSilver Increases 2020 Exploration Program at Diablillos Silver-Gold Project (news release dated July 20, 2020)
- AbraSilver Commences 5,000 Metre Drilling Program at Diablillos Silver-Gold Project (news release dated August 12, 2020)
- AbraSilver Intersects 22 Metres of 4.22 g/t Gold; Including 1 Metre of 31.2 g/t Gold and 60.4 g/t Silver at Diablillos Project (news release dated September 02, 2020)
- AbraSilver Drills 10.20 g/t AuEq Over 2 m and Adds Second Drill Rig To Expand and Accelerate Exploration Program at Diablillos Project (news release dated October 13, 2020)

3. EXPLORATION AND EVALUATION (continued)

- AbraSilver Intersects Further High-Grade Silver, Gold and Copper Mineralisation Including 408 g/t AgEq Over 28 m and 23.8 g/t AuEq Over 2 m at Diablillos Project (news release dated October 26, 2020)
- AbraSilver Completes Ground Magnetic Survey at Diablillos, Identifies Additional Drill Targets (news release dated November 04, 2020)
- AbraSilver Reports Additional High-Grade Silver, Gold and Copper Mineralisation Including 83 Metres Grading 398 g/t AgEq (5.3 g/t AuEq) at Diablillos Project (news release dated December 07, 2020)
- AbraSilver Announces Additional High-Grade Drill Results Including 47 Metres Grading 349 g/t AgEq (4.7 g/t AuEq) at Diablillos Project (news release dated December 21, 2020).
- The results announced during the year are part of the Phase I drill program and will be incorporated in an updated resource estimate for the Oculto zone.

Outlook 2021

On April 1, 2021, the Company announced plans for its upcoming Phase II exploration program, which will consist of an additional 10,000 metres of diamond drilling. The Phase II drill program will focus on the following priority targets:

- Oculto Northeast extension: Several previous drill holes in the Oculto Northeast zone intersected substantial gold values, which are not included in the current resource. It is expected that the Whittle Pit on the main Oculto deposit could be expanded in this direction to incorporate additional high-grade resources.
- Laderas Zone: The Laderas Zone is located approximately 500 metres north of Oculto deposit on the Diablilllos property. Previous shallow drilling at Laderas intersected significant gold and copper intercepts over broad widths.
- The Northern Arc: The Northern Arc contains a cluster of prospects that lies approximately three to four kilometres north-northeast of the centre of the Oculto deposit. All have near surface, high grade gold intercepts in epithermal mineralisation similar in style to Oculto, with potential for shallow resources that could be trucked to a future treatment plant at Oculto. The Cerro Viejo area shows potential for porphyry mineralization.

(In Canadian Dollars unless otherwise stated)

4. SELECTED ANNUAL AND QUARTERLY INFORMATION

For the years ended December 31, 2020, December 31, 2019 and December 31, 2018:

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Net (loss) income for the year	$ (5,692,380)	$ (1,541,228)	$ (3,320,576)
Basic and diluted earnings (loss) per share	$ (0.02)	$ (0.02)	$ (0.06)
Total assets	$ 34,194,092	$ 12,612,143	$ 4,005,824
Total liabilities	$ 584.144	$ 1,279,871	$ 951,026

The Company has no revenue to report for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

Below is a summary of information for the eight most recent quarters:

Quarter Ended	Net income (loss) for the period (restated)	Earnings (loss) per share – basic & diluted	Total assets (restated)
December 31, 2020	$ (1,391,776)	$ (0.01)	$ 34,194,092
September 30, 2020	$ (2,124,439)	$ (0.01)	$ 40,958,169
June 30, 2020	$ (948,528)	$ (0.00)	$ 12,000,275
March 31, 2020	$ (1,227,637)	$ (0.00)	$ 11,645,117
December 31, 2019	$ (960,223)	$ (0.00)	$ 12,612,143
September 30, 2019	$ (160,317)	$ (0.02)	$ 6,226,107
June 30, 2019 (restated)	$ (241,675)	$ (0.00)	$ 4,601,776
March 31, 2019 (restated)	$ (179,013)	$ (0.00)	$ 4,507,724

5. RESULTS OF OPERATIONS

The operating results of junior mining companies can fluctuate significantly from period to period. The Company is in the exploration stage and has no revenue from operations.

Three months ended December 31, 2020 ("Q4 2020") is compared to the three months ended December 31, 2019 ("Q4 2019") and twelve months ended December 31, 2020 is compared to the twelve months ended December 31, 2019.

5. RESULTS OF OPERATIONS (continued)

During Q4 2020 net loss increased by $431,553 to $1,391,776 compared to the net loss recorded during Q4 2019 due mainly to the following:

- Evaluation and exploration expenses were $2,609,183 during Q4 2020 compared to $551,257 for Q4 2019, an increase of $2,057,926 due to the ongoing drill program commenced in late November 2019 at the Diablillos project, described in the Exploration and Evaluation section above.
- Professional fees increased by $241,686 during Q4 2020 compared to Q4 2019 after the completion of the agreement with Aethon and the expansion of corporate activities increasing the Legal and Accounting fees.
- Consulting fees increased by $129,224 during Q4 2020 compared to Q4 2019 after the completion of the agreement with Aethon and the expansion of the exploration and evaluation activities.
- Salary and benefits expense increased by $89,495 during Q4 2020 compared to Q4 2019 due to the completion of the agreement with Aethon and the expansion of corporate activities.
- Investor Relations increased by $78,590 due the due to the expansion of financing and promotion activities.
- Transfer agent and filling fees increased by $71,398 due to an expansion of financing activities and Warrants exercises.

For the twelve months ended December 31, 2020 the net loss increased by $4,151,152 to $5,692,380 compared to the net loss recorded during the comparable period in 2019 due to the following:

- Evaluation and Exploration expenses were $4,729,986 for the twelve months ended December 31, 2020 compared to $701,787 for the prior period, an increase of $4,028,199 due to the ongoing drill program that commenced in late November 2019 at the Diablillos project described in the Exploration and Evaluation section above.
- Consulting Fees were $505,303 compared to $175,702 for the comparable period last year, an increase of $329,601 due to the expansion of exploration and evaluation activities.
- Foreign Exchange losses were $257,699 compared to $53,533 for the comparable period last year, an increase of $204,166 due to the variation of the exchange rates among the Canadian Dollar, the Argentinian Peso and the Chilean Peso.
- Salaries and Benefits expenses increased by $373,741 compared to 2019 after the completion of the agreement with Aethon and the expansion of corporate and exploration activities.
- Office and Administration expenses increased by $276,413 compared to 2019 due to the completion of the agreement with Aethon and the expansion of corporate and exploration activities.
- Share-based Compensation increased by $266,942 compared to 2019 due to the 10,400,000 share options granted on January 4, 2020 and the 200,000 share options granted on October 12, 2020.
- Professional Fees expense increased by $369,434 compared to 2019 due to the completion of the agreement with Aethon and the expansion of corporate activities increasing Legal and Accounting fees.
- The Company recorded a $70,203 impairment charge for Cerro Amarillo acquisition costs compared with $Nil in the same period of 2019.
- Investor Relations expense increased by $133,383 in 2020 compared to 2019 due to the expansion of financing and promotion activities.
- Net loss was partially offset by $1,940,000 gain on sale of Marketable Securities in Q4 2020 compared with $nil in Q4 2019.

6. MINERAL INTERESTS

Through the Company's wholly-owned subsidiaries, the Company controls exploration projects in Argentina classified by the Company into the Diablillos Project, Aguas Perdidas Project, Cerro Amarillo Project and La Coipita Project and in Chile classified into Arcas project. All acquisition costs and option payments related to these exploration projects are capitalized as mineral interests and are incurred in US dollars and translated to Canadian dollars, the presentation currency for the Company.

Diablillos and Aguas Perdidas projects

On November 1, 2016, the Company closed a Share Purchase Agreement dated August 23, 2016, as amended and restated on March 21, 2017, and further amended on September 11, 2019, with SSRM and Fitzcarraldo Ventures Inc. (the "**Share Purchase Agreement**") pursuant to which Huayra acquired from SSRM all of the issued and outstanding shares of Pacific Rim Mining Corporation Argentina S.A., ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) (together, the "**SSRM subsidiaries**"). Through the acquisition of the SSRM subsidiaries, the Company acquired certain exploration projects in Salta and Chubut Provinces, Argentina (the "**Diablillos Project**" and the "**Aguas Perdidas Project**").

Cash consideration payable to SSRM consists of the following:

- US$300,000 on closing, US$200,000 for the Diablillos and US$100,000 for Aguas Perdidas (paid);
- US$300,000 to be paid on or before February 15, 2017 (as amended) (paid);
- US$500,000 to be paid on 180th day after closing (paid);
- US$50,000 to be paid on or before January 12, 2018 (as amended) (paid);
- $200,000 to be paid at the closing date of the Arrangement with Aethon (paid);
- US$5,000,000 to be paid on the earlier of (paid):
    - the date on which a Diablillos Feasibility Study in respect of all or any part of the Diablillos Concessions has been obtained;
    - July 31, 2023; and
    - 90 days after demand by SSRM for payment if (a) AbraPlata's market capitalization exceeds $100,000,000 for 20 consecutive trading days (on the primary stock exchange on which such entity's shares are traded) or (b) after November 1, 2020, the spot price of silver (based on the London Bullion Market Association (LBMA) Silver Price as published by the LBMA on its website (or should that quotation cease, another similar quotation acceptable to the parties acting reasonably) (the "Benchmark") exceeds $25 per ounce for 20 consecutive trading days on the Benchmark (paid);
- US$7,000,000 to be paid on the earlier of:
    - the date on which Commercial Production occurs in respect of all or any part of the Diablillos Concessions; and
    - July 31, 2025.

On September 2,2020 AbraPlata's market capitalization exceeded $100,000,000 for twenty (20) consecutive trading days on the TSX-V for the period from and after August 6, 2020 to and including

6. MINERAL INTERESTS (continued)

September 2, 2020, the same day SSRM requested the US$5,000,000 to be paid within 90 days. That payment was completed on November 19, 2020.

Equity consideration consisted of Class B common shares of the Company (issued) which were automatically converted into a number of Huayra Class A Shares that, upon the completion of the reverse takeover transaction, resulted in SSRM holding common shares of the Resulting Issuer representing 19.9% of the Company's then outstanding common shares. The agreement provided SSRM an anti-dilution right to maintain 19.9% equity interest in the capital of the Company until the Company completes a qualified financing of a minimum of US$5,000,000. During the year ended December 31, 2018 the Company completed a qualified financing and is no longer obligated to maintain SSRM's free carried equity interest.

As consideration for the September 11, 2019 amendment of the Sale Agreement at the closing date of the Arrangement date with Aethon (additionally to the $200,000 indicated above) AbraSilver issued to SSRM 24,160,385 common shares in the capital of AbraSilver, equal to such number of AbraSilver shares that resulted in SSRM owning in aggregate 17.65% of the AbraPlata share capital outstanding after the issuance.

The royalty consideration payable to SSRM consists of a 1% net smelter returns royalty. SSRM is entitled to receive advance royalty payments totaling of US$250,000 on November 1, 2017 (paid).

These advance royalty payments will be deducted and set off against the first US$250,000 of net smelter returns royalty payments otherwise payable in respect of the Diablillos Project. As security for the above obligations the Company has pledged to SSRM all the shares the Company acquired in the two entities which hold interest to the Diablillos Project and the M-18 Project.

On August 30, 2017, the Company signed an agreement, which was amended September 6, 2019, to acquire all of the issued and outstanding shares of Minera Cerro Bayo S.A. ("**Cerro Bayo**"), a privately held Argentine company. Cerro Bayo owns certain mineral rights that, as a result of a long-standing border dispute between two neighboring provinces in northwestern Argentina, overlap and potentially conflict with the Company's mineral rights to its Diablillos silver-gold project. The acquisition of the potentially conflicting mineral rights through the acquisition of Cerro Bayo means that the Company will retain its title to the Diablillos silver-gold project regardless of the ultimate outcome of the provincial border dispute.

Cash and equity consideration payable under the agreement is as follows:
(i) US$225,000 upon closing (paid);
(ii) US$175,000 on or before February 28, 2018 (paid);
(iii) US$15,000 upon signing of the September 6, 2019, amendment (paid);
(iv) US$350,000 and 300,000 common shares on or before November 30, 2019 (paid and issued);
(v) US$65,000 on or before April 30, 2020 (paid);
(vi) US$65,000 and 200,000 common shares on or before October 31, 2020; (paid and issued)
(vii) US$65,000 on or before April 30, 2021;
(viii) US$65,000 on or before October 31, 2021;
(ix) US$65,000 on or before April 30, 2022;
(x) US$65,000 on or before October 31, 2022;
(xi) US$1,000,000 on or before July 31, 2023; and

6. MINERAL INTERESTS (continued)

(xii) US$1,170,000 on or before July 31, 2025.

Cerro Amarillo project

On July 14, 2016, AbraPlata Argentina S.A., a wholly owned subsidiary of the Company, signed an agreement for the right to purchase the Cerro Amarillo project located in the province of Mendoza in Argentina. This agreement is a replacement agreement to the one that was entered into in 2010.

The Company made the following payments:

- US$25,000 in October 2016, deferred to May 2017 (paid); and
- and will pay US$25,000 annually every November, starting in November 2017. The 2018 and 2019 payments were paid on due date.

During the year ended December 31, 2020, management evaluated its project portfolio and elected not to continue with the Cerro Amarillo agreement. As a result, the November 2020 payment was not made, the property was dropped, and all prior costs have been written off.

La Coipita project

On January 31, 2020, AbraPlata entered into a letter agreement, through its wholly owned subsidiary, AbraPlata Argentina SA, to acquire a 100% interest in the La Coipita project ("**La Coipita**") located in San Juan province, Argentina by paying a total of US$4,265,000 in staged payments over 60 months (US$165,000 paid) to the optionors ("**Project Owners**")

Cash consideration payable per the letter agreement were as follows:

1. US$35,000 upon celebration of the letter agreement (paid)
2. US$30,000 in February 2020 (paid)
3. US$100,000 in January 2021 (paid subsequent to year end)
4. US$200,000 in January 2022
5. US$400,000 in January 2023
6. US$1,000,000 in January 2024
7. US$2,500,000 in January 2025

In the event the project is placed into commercial production, the Project Owners shall be entitled to collect 1.1% of the net smelter return ("**NSR**"), of which AbraPlata may purchase for US$3,000,000 during the 60 months after the first staged payment was made, or for US$5,000,000 thereafter until start-up of construction of the project.

On February 5, 2020, AbraPlata Argentina SA entered into a binding letter agreement with Altius Resources Inc. ("**Altius**") to sell its right to acquire the 1.1% NSR from the Project Owners. In consideration, Altius agreed to invest in AbraPlata by way of subscription for common shares or share units in its next equity financing a minimum sum of $125,000 (received).

6. MINERAL INTERESTS (continued)

Santo Domingo project

On August 21, 2020, AbraPlata formalized a letter agreement, through its wholly owned subsidiary, AbraPlata Argentina SA, to acquire a 100% interest in the Santo Domingo - Marayes project ("**Santo Domingo**") located in San Juan province, Argentina by paying a total of US$2,500,000 in staged payments over 96 months (US$10,000 paid) to the optionors ("**Project Owner**")

Cash consideration payable per the letter agreement were as follows:

1. US$10,000 before October 21,2020 (paid)
2. US$ 15,000, in February 2021 (in negotiation)
3. US$ 25,000 in August 2021
4. US$ 50,000 in August 2022
5. US$ 100,000 in August 2023
6. US$ 150,000 in August 2024
7. US$ 200,000 in August 2025
8. US$ 250,000 in August 2026
9. US$ 500,000 in August 2027
10. US$ 1,200,000 in August 2028

Arcas project

On December 19, 2019, the Company completed the previously announced plan of arrangement (the "**Arrangement**") with Aethon, whereby each former Aethon shareholder received 3.75 common shares in the capital of AbraPlata for each Aethon common share held prior to the Arrangement. This transaction has been determined to be an acquisition of assets and the Arcas Project of Aethon was deemed to be acquired on December 19, 2019 by the Company.

On January 23, 2018, Aethon entered into the Option Agreement with the "Optionors, as amended February 28, 2018, pursuant to which Aethon has been granted the Option to earn a 100% interest in four blocks of exploration-stage mineral concessions with prospective copper and gold targets located in northern Chile, subject to certain underlying royalties. The properties subject to the Option cover around 100,000 hectares of prospective projects in the Antofagasta copper region. The Option Agreement also provides for the sale by the Optionors of the related exploration databases to Aethon.

The consideration for the purchase of the Databases and the grant of the Option is the issuance of an aggregate of 11,200,000 post-Consolidation common shares of Aethon at a deemed issue price of $0.51 per share. To exercise the Option, Aethon must incur cumulative expenditures of at least $750,000 on the exploration and development of the Properties within 18 months from the closing of the Qualifying Transaction of which at least $500,000 must be incurred within 12 months from the closing date. Aethon must also pay an aggregate of $1,000 to the Optionors. Any production from the Properties is subject to an existing 0.98% gross sales royalty in favour of a third party and a new 1.02% gross sales royalty in favour of the Optionors, for a total gross sales royalty of 2.0%.

On April 4, 2019, Aethon announced that it had exercised its option to acquire a 100% interest in the Properties.

6. MINERAL INTERESTS (continued)

On September 11, 2019, Aethon announced that it entered into an Earn-In with Option to Joint Venture Agreement (the "**Rio Tinto Agreement**") with Rio Tinto Mining and Exploration Limited / Agencia En Chile, a member of the Rio Tinto Group ("**Rio Tinto**"), to acquire an interest in the Aethon's wholly-owned Arcas project (the "**Arcas Project**") in Chile. The Agreement allows Rio Tinto to acquire up to a 75% stake in Arcas, by incurring up to US$25 million in exploration expenditures.

On September 10, 2020, an addendum to the Rio Tinto Agreement was signed, under which Rio Tinto agreed to incur minimum project expenditures of US$1 million within 18 months (previously 12 months) of securing all necessary approvals to conduct drilling activities which is to be part of the Stage 1 earn-in project expenditure.

The proposed exploration expenditures contemplated under this Rio Tinto Agreement, would represent the first significant exploration program on the Arcas Project since the property was drilled by a subsidiary of Teck in 2010.

A summary of the key terms of the Agreement are as follows:

- Rio Tinto has the right but not the obligation to earn up to a 75% interest in the Arcas Project by funding project expenditures of up to US$25 million as follows:

  1st Option: If Rio Tinto incurs total project expenditures of US$4 million within 3 years, and makes aggregate cash payments to Aethon of US$300,000 during the first two years, it will have the right to acquire a 51% interest in the Arcas project ("Stage 1 earn-in project expenditure") through the acquisition of 51% stock of a new company ("**Opco**") that will be incorporated;

  - To exercise the option, Rio Tinto shall make the cash payments before the following dates:

    - US$100,000 on or before the first anniversary date; (Payment Received)
    - US$200,000 on or before the second anniversary date;

  2nd Option: If Rio Tinto incurs additional project expenditures of US$5 million over the subsequent 2 year period, it will have a right to acquire an additional 14% interest in Opco (holder of the Arcas project), resulting in its total interest being 65%; and

  3rd Option: If Rio Tinto incurs additional project expenditures of US$16 million over the subsequent 3 year period, it will have a right to acquire an additional 10% interest in Opco (holder of the Arcas project), resulting in its total interest being 75%;

- Rio Tinto has agreed to incur minimum project expenditures of US$1 million within one year (amended to 18 months) of securing all necessary approvals to conduct drilling activities which is to be part of the Stage 1 earn-in project expenditure.
- In the event Rio Tinto withdraws from the Project, it will pay Aethon an amount equaling the cost to maintain the Project concessions for the 12 month period commencing on the date of termination that have not already been paid.

Under the terms of the Agreement, Rio Tinto shall have the right to form a Joint Venture ("**JV**") with the following key terms:

(In Canadian Dollars unless otherwise stated)

6. MINERAL INTERESTS (continued)

- The JV (Opco) may be formed with 51% to Rio Tinto and 49% to Aethon upon satisfaction of the 1st Option; 65% to Rio Tinto and 35% to Aethon upon satisfaction of the 2nd Option; or 75% to Rio Tinto and 25% to Aethon upon satisfaction of the 3rd Option.

- The JV will be managed by Rio Tinto and funded by each participant in accordance with their interest. Aethon may elect not to fund its interest and be diluted down to a 10% interest. If Aethon is diluted below a 10% interest, its interest will convert to a 1% net smelter royalty capped at US$50 million.

- Each party will have a right of first refusal should the other party wish to divest its shareholder interest.

7. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Company's financial instruments as of December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020		December 31, 2019	
Financial assets				
Cash and Cash equivalents	$	17,087,494	$	1,812,119
Receivable		211,218		190,791
Total financial assets	$	17,298,712	$	2,002,910
Financial liabilities				
Accounts payable and accrued liabilities	$	530,438	$	1,245,901
Lease liabilities	$	53,706	$	33,970
Total financial liabilities	$	584,144	$	1,279,871

Additional financial instruments disclosure, including an analysis of risks associated with financial instruments, is contained in Note 6 of the Company's audited consolidated financial statements for the twelve months ended December 31, 2020 and 2019

8. LIQUIDITY AND CAPITAL RESOURCES

(a) Liquidity

The Company's working capital as of December 31, 2020 was $16,815,632 as compared to working capital of $927,845 on December 31, 2019. Included in working capital was cash and cash equivalents of $17,087,494 (December 31, 2019 - $1,812,119).

Except as disclosed, the Company does not know of any trends, demands, 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 and the Company's ability to raise additional capital as required.

The Company is not now and does not expect in the future, to be engaged in currency hedging to offset any risk of currency fluctuations.

(b) Capital Resources

The Company's focus for the recently completed fiscal period and going forward is the advancement and development of its exploration projects. The major expenses that will be incurred by the Company in the next twelve months will be costs associated with its exploration activities and general and administrative activities. The Company believe its current working capital is sufficient to maintain its core operations for the next twelve months, and additional funding will be required by the Company to complete its strategic and long-term objectives..

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The Company will be relying on further equity financing, debt financing, strategic partnerships or joint-venture partnerships as the most likely source of funds for the advancement of the Company's exploration assets to a resource delineation or feasibility stage. In the future the Company may also receive additional funds through the exercise of stock options. If adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate various programs.

There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that future additional financing will be available to the Company at acceptable terms.

(c) Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those disclosed under Mineral Interests.

(d) Commitments

Effective June 1, 2017, the Company has agreed to pay a monthly fee of $10,000 for provision of management and administrative services. The agreement was amended starting from September 1, 2018 the monthly fee was reduced to $5,000. The Company provided a termination notice to be effective May 31, 2020.

(In Canadian Dollars unless otherwise stated)

8. LIQUIDITY AND CAPITAL RESOURCES (continued)

As at December 31, 2020, the Company has mineral interest commitments at its Diablillos, La Coipita and Santo Domingo Mayares projects in the form of option payments, although as at the current date the Company had the commitments shown in the table below, some of these commitments could be reduced, deferred or eliminated pending the outcome of the strategic review. The Company also has operating expenses in Buenos Aires, Santiago de Chile and Toronto

	2021	2022	2023	2024	After 2024
Mineral interest commitments					
Diablillos	165,516	165,516	1,273,200	-	10,402,044
La Coipita	127,320	254,640	509,280	1,273,200	3,183,000
Santo Domingo Mayares	50,928	63,660	127,320	190,980	2,737,380
Total mineral interest commitments	343,764	483,816	1,909,800	1,464,180	16,322,424
Minimum office rental payments in Argentina	18,334	18,334	12,223	-	-
Minimum office rental payments in Canada	12,168	-	-	-	-
Total commitments	**$ 374,266**	**$ 502,150**	**$ 1,922,023**	**$ 1,464,180**	**$16,322,424**

9. RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amounts paid and accrued to directors, former director, officers and companies in which directors and officers are shareholders or partners are as follows:

	Three months ended December 31,		**Twelve month ended December 31,**	
	2020	**2019**	**2020**	**2019**
Salaries and benefits	$ 132,500	$ 13,178	$ 410,000	13,178
Administration	0	15,000	25,000	60,000
Consulting fees	37,500	22,500	70,000	90,000
Director Fees	0	18,750	0	18,750
Professional fee	35,684	24,611	125,799	68,677
Share-based payments	42,163	50,076	241,277	97,978
	$ 247,847	$ 144,115	$ 872,076	$ 348,583

As of December 31, 2020, $70,000 (2019 – $50,422) was payable to directors, officers and companies in which directors and officers are shareholders or partners of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

(In Canadian Dollars unless otherwise stated)

10. OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As of April 28, 2021, the Company has 433,702,710 common shares issued and outstanding.

As of April 28, 2021, the Company has 162,080,705 warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
1,062,000	$ 0.30	May 4, 2021
100,000	$ 0.30	July 13, 2021
16,500,000	$ 0.10	October 31, 2021
39,047,695	$ 0.17	July 09, 2022
33,333,333	$ 0.40	September 01, 2022
3,645,834	$ 0.27	September 01, 2022
37,466,843	$ 0.27	April 26, 2023
21,510,000	$ 0.15	May 14, 2023
7,174,000	$ 0.10	April 8, 2024
2,241,000	$ 0.10	April 18, 2024

As of April 28, 2021, the Company has:

- 21,557,500 share purchase options outstanding with the weighted average exercise price of $0.152; 12,698,750 of which are exercisable with the weighted average exercise price of $0.127.
- 4,815,000 restricted shares units with a weighted average exercise price of $0.39; Nil of which are exercisable.

11. RISKS AND UNCERTAINTIES

The Company's exploration activities and related results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding: uncertainty due to COVID-19, receiving required permits in Argentina, exploration results, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk.

The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

A summary of the Company's financial instruments risk exposure is provided in Note 6 of the Company's consolidated financial statement for the year ended December 31, 2020. The following are additional risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply.

11. RISKS AND UNCERTAINTIES (continued)

Metal price volatility may affect the future production, profitability, and financial condition of the Company. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global supply and demand, and political economic conditions of major metal consuming countries throughout the world.

The price of silver, gold, copper, and other metals has fluctuated widely in recent years, and future material price declines could cause development of, and commercial production from, the Projects to be impracticable or uneconomic.

The metals market also tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to additional capacity through expansion of existing mines and investment in new mines which results in increased production. This growth increases supply until the market is saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicality in prices can result in supply/demand imbalances and pressures on mineral prices and profit margins which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Depending on the price of silver, gold, copper, and other metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, one or more of the mineral properties. Future production from the Company's mineral properties will be dependent on metal prices that are adequate to make these properties economically viable. Furthermore, future mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mineral properties.

In addition to adversely affecting any future Mineral Reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. If such a reassessment determines that any of the Company's projects are not economically viable, then operations may cease and such projects may never be developed. Even if the projects are ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

AbraSilver may need substantial additional financing in the future and cannot assure that such financing will be available

To meet its operating costs and to finance its respective future acquisition, exploration, development and operating activities, the Company will require financing from external sources, including from the sale of equity and debt securities, the sale of an interest in one or more of its mineral projects, entering into joint ventures or seeking other means to meet its financing requirements. There can be no assurance that additional funding will be available to the Company or, if available, that such funding will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the respective company may be diluted.

11. RISKS AND UNCERTAINTIES (continued)

If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities and may not be able to take advantage of acquisition opportunities.

If the Company is unable to complete minimum work obligations on its exploration projects, the projects could be relinquished under applicable exploration project agreements. The failure of the Company to obtain additional financing would have a material adverse effect on its business, financial condition, results of operations or prospects.

The volatility of the capital markets may affect the Company's access to and cost of capital

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility, and the market price of securities of many companies, particularly those in the resource sector, can experience wide fluctuations which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. Increased levels of volatility and resulting market turmoil may adversely impact the Company and its share price.

If the Company is required to access credit markets to carry out their respective development objectives, the state of domestic and international credit markets and other financial systems could affect their respective access to, and cost of, capital. If these credit markets were significantly disrupted, as they were in 2007 and 2008, such disruptions could make it more difficult for the Company to obtain or increase its cost of obtaining capital and financing for its operations. Such capital may not be available on terms acceptable to the Company or at all, which may have a material adverse impact on its business, financial condition, results of operations or prospects.

Exploration Risk

The Company may engage in the potential acquisition and exploration of other resource properties, an inherently risky business, and there is no assurance that economic mineral deposits will ever be discovered, or if discovered, subsequently put into production. Most exploration activities do not result in the discovery of commercially mineable deposits.

Early Stage of Development

There is limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

The Company's prospects depend on its ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel will be critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. The Company believes that it will have the necessary personnel to meet its corporate objectives but, as its business activities grow, it will require additional key financial, administrative, mining and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

11. RISKS AND UNCERTAINTIES (continued)

Future mining operations and exploration activities are subject to laws and regulations relating to the protection and remediation of the environment

The Company's future mining operations and exploration activities are and will be subject to laws and regulations relating to the protection and remediation of the environment. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. These laws, regulations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expense or capital expenditure, or result in restrictions or delays in the Company's development plans.

The Company cannot give any assurance that, notwithstanding its precautions and careful operating practices, breaches of environmental laws, whether inadvertent or not, or some type of environmental problem will not occur. In the event of any such breach, it is possible that the respective regulatory authority can suspend the rights of the Company, as applicable, to develop its mineral interests.

A breach of environmental laws and regulations may allow governmental authorities and third parties, who have an interest in any future mining operations or the consequences of mining operations, to bring lawsuits based upon damages to project and injury to persons resulting from the environmental impact of the Company's potential future operations which could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

If the Company's environmental compliance obligations were to vary as a result of changes to legislation, or if certain assumptions the Company makes to estimate liabilities are incorrect, or if unanticipated conditions were to arise in the Company's future mining operations, the Company's expenses and other obligations could increase, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

As a participant in the resource extraction industry, the Company may face opposition from local and international groups

There is an increasing level of public concern relating to the effects of mining production on its surroundings, communities, and environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs"), who oppose globalization and resource development and who may not be bound to codes of ethical reporting, can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company will seek to operate in a socially responsible manner, NGOs or local community organizations could direct adverse publicity and/or disrupt its operations in respect of one or more properties, regardless of the Company's successful compliance with social and environmental best practices, due to political factors and/or activities of unrelated third parties on lands in which the Company has an interest or operates.

11. RISKS AND UNCERTAINTIES (continued)

Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company, as applicable, or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The costs of complying with applicable laws and governmental regulations may have an adverse impact on the Company's business

The Company's operations and exploration activities will be subject to laws and regulations governing various matters. These include without limitation laws and regulations relating to repatriation of capital and exchange controls, taxation, labour standards and occupational health and safety and historic and cultural preservation.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or the more stringent enforcement thereof, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects by increasing exploration expenses, future capital expenditures or future production costs or by reducing the future level of production, or cause the abandonment of or delays in the development of the Projects.

Competition in the mining industry may adversely affect the Company

The mining industry is intensely competitive. The Company will compete with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate the properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund their respective operations and develop their respective properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company's insurance coverage may not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable

The Company's business will be subject to a number of risks and hazards (as further described herein). Although the Company will maintain insurance to protect against certain risks in such amounts as it considers being reasonable, such insurance will likely not cover all the potential risks associated with its activities, including any future mining operations. The Company may also be unable to maintain insurance to cover its risks at economically feasible premiums, or at all. 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 or production may not be available to the Company on acceptable or any terms. The Company might also become subject to liability for pollution or other hazards which it is not currently insured against and/or in the future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

11. RISKS AND UNCERTAINTIES (continued)

Mining and mineral exploration is inherently dangerous and subject to factors or events beyond the Company's control

The Company's business, and any future development or mining operations, will involve various types of risks and hazards typical of companies engaged in the mining industry. These risks will affect the exploration, development and refurbishment activities of the Company, and will affect its business to an even larger extent once commercial mining operations, if any, commence.

Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metals losses; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavorable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Projects or their facilities; (ii) personal injury or death; (iii) environmental damage to the Projects or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability. Any of the foregoing could have a material adverse effect the Company's business, financial condition, results of operation or prospects.

Directors and officers may be subject to conflicts of interest

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the company with which they serve are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of their respective company. Some of the directors and officers have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner, or to allocate opportunities that they become aware of to the Company, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Political instability and hyperinflationary economy

Political or economic instability, including high inflation rate, or unexpected regulatory change in the countries where the Company's mineral properties are located could adversely affect the business.

11. RISKS AND UNCERTAINTIES (continued)

Global pandemic outbreak

During the year there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

12. SIGNIFICANT ACCOUNTING POLICIES

The Company's management is required to make judgments in the process of applying the Company's accounting policies in the preparation of its financial statements. In addition, the preparation of the financial statements in accordance with IFRS requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances.

While management believes the estimates are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows. Revisions to estimates and resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

(a) Critical Estimates in Applying Accounting Policies

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of environmental obligations, if any; and the recoverability of mineral interests.

(b) Critical Judgments in Applying Accounting Policies

Critical accounting judgments
Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments, which are discussed below.

Acquisition
The Company's acquisition of all the outstanding shares of Aethon Minerals Corp. ("Aethon", see note 12 to the Consolidated Financial Statements) has been determined to be an asset acquisition as Aethon was determined not to meet the definition of a business as per IFRS 3 as substantially all of the fair value of Aethon's assets were concentrated in its mineral property interest and cash, and it did not have any processes or outputs.

12. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Critical Judgments in Applying Accounting Policies (continued)

Functional currency
In accordance with IAS 21 "*The Effects of Changes in Foreign Exchange Rates*", management determined that the functional currency of AbraPlata Argentina S.A. (former Meryllion Argentina S.A.), Pacific Rim Mining Corporation Argentina S.A., and Minera Cerro Bayo S.A. is Argentine Peso. The functional currency of ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) is the US dollar. The functional currency of AbraSilver Resource Corp. Huayra Minerals Corp. and Aethon Minerals Corp. is Canadian dollar. The functional currency of Aethon Minerals Chile SpA is the Chilean Peso.

Impairment of mineral interests
The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern involves significant judgment. Refer to our discussion in Note 1 of the consolidated financial statements for the year ended December 31, 2020.

During the year there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results.

(c) Change in Accounting Policy

During the year ended December 31, 2020, the Company retrospectively changed its accounting policy for the valuation of shares and warrants in a unit placement. Proceeds from unit placements were previously allocated between shares and warrants issued based on the residual value method, with the shares being valued first using the bid price on announcement date.

Under the new policy, proceeds from unit placements are allocated between shares and warrants issued based on the prorata value method, with unit price allocated between warrants and shares prorata based on the fair values of the warrants and shares. Upon expiry of warrants, the fair value of warrants are reclassified to share capital. As required by IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the consolidated financial statements reflect the retroactive application of this accounting policy change, which has no net effect on the net loss for the years ended December 31, 2019 and 2018. Please look at note 4 in the Consolidated Financial Statements.

13. FORWARD LOOKING STATEMENTS

Certain of the statements made and information contained herein are considered "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements

listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- the impact of currency fluctuations in Argentina and Chile;
- the impact of increasing competition in gold, silver and copper business;
- unpredictable changes to the market prices for gold, silver and copper;
- exploration and development costs for its properties;
- availability of additional financing or joint-venture partners;
- anticipated results of exploration activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A including, uncertainty due to COVID-19, uncertainties relating to receiving mining and exploration permits in Argentina; volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral exploration; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and/or joint venture partners and unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

14. SUBSEQUENT EVENTS

- Subsequent to December 31, 2020 the Company issued 24,255,876 shares after 24,255,876 Warrants were exercised for a weight averaged exercise price of $0.21 and net proceeds of $5,103,330. The Company also received proceeds of $398,180 and $36,653 for the exercise of Warrants and Options for which the shares are not yet issued.
- On January 12, 2021 the Company issued 162,500 shares after 162,500 Options were exercised at $0.065 for net proceeds of $10,562.50.
- On January 25, 2021, the Company granted 3,157,500 Options to Directors, Officers and Consultants. The exercise price is $0.39 and will expire on January 25, 2026. The options will vest as follow: 25% six months from the date grant and 25% every 6 months thereafter.
- On January 25, 2021, the Company granted 4,815,000 Restricted Shares Units ("RSU") to Directors, Officers and Consultants. The RSUs will vest as follow: 33.33% on December 1, 2021; 33.33% on December 1, 2022 and 33.34% on December 1, 2023.