

Eloro Resources Ltd.

Consolidated Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eoro Resources Ltd.

Opinion

We have audited the consolidated financial statements of Eoro Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
July 29, 2022
Toronto, Ontario

Eloro Resources Ltd.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	Notes	As at March 31,	
		2022	2021
		\$	\$
Assets			
Current			
Cash and cash equivalents		9,437,277	28,266,056
Receivables		316,437	161,965
Marketable securities		17,250	40,000
Prepaid expenses		524,725	178,729
		<u>10,295,689</u>	<u>28,646,750</u>
Right-of-use asset	4	210,663	31,976
Option payment advance	5	250,880	-
Exploration and evaluation	6 and 12	27,138,256	9,130,143
		<u>37,895,488</u>	<u>37,808,869</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		1,021,318	1,574,928
Current portion of lease liability	7	39,686	33,967
		<u>1,061,004</u>	<u>1,608,895</u>
Lease liability		176,588	-
		<u>1,237,592</u>	<u>1,608,895</u>
Shareholders' equity			
Share capital	8	57,613,920	53,904,648
Warrants	8	8,889,045	9,279,680
Contributed surplus	8	10,502,025	6,320,536
Foreign currency reserve		146,713	82,892
Deficit		(40,493,806)	(33,387,782)
		<u>36,657,897</u>	<u>36,199,974</u>
		<u>37,895,488</u>	<u>37,808,870</u>
Commitments and contingencies	13		
Subsequent events	15		
Approved by the Board:			
	Thomas Larsen	Francis Sauve	
	Director	Director	

Eloro Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	Notes	Years ended March 31,	
		2022	2021
		\$	\$
Expenses			
Professional fees		348,449	89,658
Consulting fees	12	339,000	243,000
Financing bonus	8 and 12	280,000	-
Stock-based compensation	8 and 12	4,754,000	3,397,000
Investor relations and marketing	12	855,495	545,255
General and office		315,178	214,907
Travel		111,955	30,621
Depreciation	4	43,064	42,636
Accretion of interest	7	4,109	3,496
Financing fee		-	30,000
Foreign exchange loss (gain)		19,824	72,832
Gain on sale of marketable securities		-	(5,805)
Unrealized loss (gain) on marketable securities		22,750	(12,750)
Impairment of exploration and evaluation	5	5,928	1,008
Refundable tax credit notices of assessment	9 and 15	60,000	14,000
Other income		(53,729)	(1,139)
		<u>7,106,024</u>	<u>4,664,718</u>
Loss for the year		(7,106,024)	(4,664,718)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years (net of tax)			
Currency translation adjustment		63,821	13,908
Comprehensive loss for the year		<u>(7,042,203)</u>	<u>(4,650,810)</u>
Loss per share - basic and diluted		(0.11)	(0.10)
Weighted average number of shares outstanding - basic and diluted		62,062,792	47,393,377

Eloro Resources Ltd.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Share capital \$ (note 8)	Warrants \$ (note 8)	Contributed surplus \$ (note 8)	Foreign currency reserve \$	Deficit \$	Total \$
Balance, March 31, 2021	53,904,648	9,279,680	6,320,536	82,892	(33,387,782)	36,199,974
Option payment	875,000	-	-	-	-	875,000
Exercise of warrants	1,212,451	-	-	-	-	1,212,451
Fair value of exercised warrants	390,635	(390,635)	-	-	-	-
Exercise of stock options	664,500	-	-	-	-	664,500
Fair value of exercised stock options	572,511	-	(572,511)	-	-	-
Share issue costs	(5,825)	-	-	-	-	(5,825)
Stock-based compensation	-	-	4,754,000	-	-	4,754,000
Other comprehensive income for the year	-	-	-	63,821	-	63,821
Loss for the year	-	-	-	-	(7,106,024)	(7,106,024)
Balance, March 31, 2022	57,613,920	8,889,045	10,502,025	146,713	(40,493,806)	36,657,897
Balance, March 31, 2020	30,020,803	61,000	3,314,486	68,984	(28,723,064)	4,742,209
Private placement of units	2,050,000	-	-	-	-	2,050,000
Bought deal financings	31,337,523	-	-	-	-	31,337,523
Fair value of warrants issued	(8,842,000)	8,842,000	-	-	-	-
Fair value of broker warrants issued	(1,178,000)	1,178,000	-	-	-	-
Share issue costs	(3,152,800)	-	-	-	-	(3,152,800)
Exercise of warrants	1,977,101	-	-	-	-	1,977,101
Fair value of exercised warrants	801,320	(801,320)	-	-	-	-
Exercise of stock options	499,750	-	-	-	-	499,750
Fair value of exercised stock options	390,950	-	(390,950)	-	-	-
Stock-based compensation	-	-	3,397,000	-	-	3,397,000
Other comprehensive loss for the year	-	-	-	13,908	-	13,908
Loss for the year	-	-	-	-	(4,664,718)	(4,664,718)
Balance, March 31, 2021	53,904,647	9,279,680	6,320,536	82,892	(33,387,782)	36,199,974

Eloro Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended March 31,	
	2022	2021
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss for the year	(7,106,024)	(4,664,718)
Items not affecting cash		
Depreciation	43,064	42,636
Accretion of interest	4,109	3,496
Stock-based compensation	4,754,000	3,397,000
Gain on sale of marketable securities	-	(5,805)
Unrealized (gain) loss on marketable securities	22,750	(12,750)
Impairment of exploration and evaluation	5,928	1,008
Changes in non-cash operating working capital		
Receivables	(154,472)	(144,940)
Prepaid expenses	(345,996)	(123,465)
Accounts payable and accrued liabilities	(553,610)	1,139,994
	<u>(3,330,251)</u>	<u>(367,544)</u>
Financing activities		
Repayment of advances from Cartier Iron Corporation	-	(49,275)
Advances from officers	-	270,000
Repayment of advances from officers	-	(270,000)
Repayment of lease liabilities	(43,553)	(46,356)
Private placement of units	-	2,050,000
Bought deal financings	-	31,337,523
Share issue costs	(5,825)	(3,152,800)
Exercise of warrants	1,212,451	1,977,101
Exercise of stock options	664,500	499,750
	<u>1,827,573</u>	<u>32,615,943</u>
Investing activities		
Proceeds on sale of marketable securities	-	7,805
Option payment advance	(250,880)	-
Exploration and evaluation	(17,139,042)	(4,019,477)
	<u>(17,389,922)</u>	<u>(4,011,672)</u>
Net increase in cash and cash equivalents	(18,892,600)	28,236,727
Cash and cash equivalents, beginning of year	28,266,056	15,421
Currency translation adjustment	63,821	13,908
Cash and cash equivalents, end of year	<u>9,437,277</u>	<u>28,266,056</u>

Eloro Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

1. Nature of operations

Eloro Resources Ltd. (the "Company") is a public company engaged in the exploration and development of a gold-silver property in Peru, a polymetallic property in Bolivia and base metal properties in Québec.

The Company was incorporated under the Business Corporations Act of Ontario on April 11, 1985 and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Basis of presentation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2022.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 29, 2022.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for marketable securities, which have been classified as financial instruments at fair value through profit and loss and stated at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, except Compañía Minera Eloro Peru SAC and Minera Tupiza SRL which have the US dollar as their functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Impairment of exploration and evaluation

Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

Title to mineral properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. If the Company does not have title to its mineral properties, there will be adverse consequences to the Company and its business prospects.

Stock-based compensation and fair value of warrants

The Company uses the Black-Scholes option pricing model in determining stock-based compensation and the fair value of warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, the actual stock-based compensation may vary from the amount estimated. With respect to restricted share units, the Company applied judgment to recognize no related expense as of March 31, 2022 due to inability to assess likelihood of vesting. See note 8.

Eloro Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

3. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the change in accounting standards as disclosed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries:

Subsidiary	Ownership percentage
Compañía Minera Eloro Peru SAC	82%
Minera Tupiza SRL	98%
2529907 Ontario Limited	100%
6949541 Canada Inc.	100%

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

All intercompany transactions and balances are eliminated on consolidation.

Financial instruments

Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets includes cash and cash equivalents and marketable securities. Cash and cash equivalents are classified at amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding. Marketable securities are classified at fair value through profit and loss.

Financial liabilities include accounts payable and accrued liabilities which are initially measured at fair value and subsequent classified as amortized cost.

Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures. The determination of whether an arrangement is a joint operation or joint venture is based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. Joint arrangements that provide a company with the rights to the individual assets and obligations arising from the arrangement are classified as joint operations and joint arrangements that provide an entity with rights to the net assets of the arrangement are classified as joint ventures.

The interests in joint arrangements that are classified as joint operations are accounted for by the Company recording its pro rata share of the assets, liabilities, revenues, costs and cash flows.

The interests in joint arrangements that are classified as joint ventures are accounted for using the equity method and presented as an investment in the consolidated statement of financial position.

Eloro Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

Exploration and evaluation

Recognition and measurement

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs, excluding acquisition costs, are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Refundable mining tax credits earned in respect of costs incurred in Quebec are recorded as a reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review the technical feasibility and commercial viability of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of income (loss) and comprehensive income (loss) to the extent of any impairment. As at March 31, 2022 and 2021, the Company had no property, plant and equipment.

Impairment

Exploration and evaluation is assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. 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. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Eloro Resources Ltd.

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

(expressed in Canadian dollars)

Decommissioning liabilities

The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. At March 31, 2022 and 2021, the Company had no decommissioning liabilities.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Unit private placements

For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. When vested stock options expire, previously recognized share-based compensation is not reversed. When stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of broker warrants is measured at the date that the Company receives the services.

The Company also has a restricted share unit ("RSU") plan. The plan allows for the settlement of RSUs in cash or in shares of the Company at the election of the Company. The Company's expectation is the RSUs will be settled in shares issued from treasury. As a result, there is no present obligation to settle in cash.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. No provisions were recorded as at March 31, 2022 and 2021.

Income tax

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Eloro Resources Ltd.

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(expressed in Canadian dollars)

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, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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 not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. For the years ended March 31, 2022 and 2021, outstanding stock options and warrants are anti-dilutive.

4. Right-of-use asset

	2022 \$	March 31, 2021 \$
Right-of-use asset, beginning of year	117,248	117,248
Lease renewal	221,751	–
Expiry of lease	(117,248)	–
Right-of-use asset, end of year	221,751	117,248
Accumulated depreciation, beginning of year	85,272	42,636
Depreciation	43,064	42,636
Expiry of lease	(117,248)	–
Accumulated depreciation, end of year	11,088	85,272
Balance, March 31	210,663	31,976

Eloro Resources Ltd.

Notes to Consolidated Financial Statements

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(expressed in Canadian dollars)

5. Option payment advance

On July 29, 2020, the Company granted a 2% interest in its wholly-owned Bolivian subsidiary, Minera Tupiza S.R.L. (“Minera Tupiza”) to an officer of Minera Tupiza. The Company has an option to increase its interest in Minera Tupiza to 99% by purchasing a 1% interest from the officer for US\$3,000,000. At March 31, 2022, the Company has made installment payments of US\$200,000 on account of the option. See note 15, *Subsequent events, Option payment advance*.

6. Exploration and evaluation

	March 31, 2021 \$	Acquisition costs \$	Exploration \$	Impairment \$	March 31, 2022 \$
Property					
La Victoria	5,179,630	–	962,534	–	6,142,164
Iska Iska	3,950,513	4,291,580	12,753,999	–	20,996,092
Other	–	–	5,928	(5,928)	–
	9,130,143	4,291,580	13,722,462	(5,928)	27,138,256

	March 31, 2020 \$	Acquisition costs \$	Exploration \$	Impairment \$	March 31, 2021 \$
Property					
La Victoria	4,928,529	–	251,101	–	5,179,630
Iska Iska	183,145	–	3,767,368	–	3,950,513
Other	–	–	1,008	(1,008)	–
	5,111,674	–	4,019,477	(1,008)	9,130,143

La Victoria, Peru

The Company owns an 82% interest in La Victoria (March 31, 2021 - 82%), a gold-silver property covering 8,933 hectares, consisting of 9 concessions covering 3,533 hectares (Ccori Orcco 1, Roberto N°1, Rufina, Rufina N° 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB) and 7 claims covering 5,400 hectares (Romina 01, 02, 03, 04, 05, 06 and 07) in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru.

La Victoria is subject to a 2% net smelter royalty (“NSR”). The Company has the option to reduce the NSR to 1% by making a payment of \$3,000,000.

Grant of option for a 25% interest in La Victoria

Burgundy Diamond Mines Limited (“BDM”) owns an 18% interest in La Victoria and had an option to increase its interest to 25% (“Option”). In August 2021, BDM decided to maintain its interest at 18% and not to increase its interest to 25%, at which time, the Option expired and a joint venture, with the Company as operator, was formed to continue to explore and develop La Victoria.

If the Company or BDM does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 10%, the party’s interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of \$3,000,000.

If either the Company or BDM acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest.

In the event the Company or BDM proposes to sell any interest in La Victoria to a third party, the other party has a right of first refusal to match the terms and conditions of the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with BDM about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, BDM will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

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Iska Iska

The Company owns a 98% interest in Minera Tupiza which has an option to acquire a 99% interest in Iska Iska, a polymetallic property consisting of one mineral concession totaling 900 hectares located in Bolivia. The Company also has an option to increase its interest in Minera Tupiza to 99% (see note 15, *Iska Iska option payment advance*).

In order to acquire its interest in Iska Iska, the Company will conduct an exploration and development program in the 4 years ended January 6, 2024, issue common shares and make an option payment, as follows:

	Common shares		Option payment
	Number	\$	US\$
February 5, 2020 (issued)	250,000	100,000	–
January 6, 2022 (issued, see note 8, <i>Share capital</i>)	250,000	–	–
January 6, 2024	–	–	10,000,000
	500,000	100,000	10,000,000

On October 1, 2021, the Company made an instalment payment of US\$2,700,000 on account of the Iska Iska option payment. At March 31, 2022, the Company has made instalment payments of US\$3,000,000 on account of the Iska Iska option payment. See note 15, *Subsequent events, Iska Iska option payment advance*.

7. Lease liability

	\$
Balance, March 31, 2020	76,827
Accretion of interest	3,496
Lease payments	(46,356)
Balance, March 31, 2021	33,967
Lease renewal (see note 4)	221,751
Accretion of interest	4,109
Lease payments	(43,553)
Balance, March 31, 2022	216,274
Current portion of lease liabilities	39,686
Long-term lease liabilities	176,588
	216,274

The lease for premises is a joint and several commitment with Cartier Iron Corporation, a company which owns 2,200,000 common shares of the Company and has three directors who are also directors of the Company.

The remaining lease term is 4.75 years.

8. Share capital

Authorized

An unlimited number of common shares without par value.

An unlimited number of redeemable, voting, non-participating special shares without par value.

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Outstanding

	Number of common shares	Amount \$
Balance, March 31, 2020	39,742,262	30,020,803
Private placement of units, May 20, 2020	2,200,000	550,000
Fair value of warrants issued	–	(110,000)
Fair value of compensation warrants issued	–	(2,000)
Private placement of units, June 9, 2020	5,000,000	1,500,000
Fair value of warrants issued	–	(491,000)
Fair value of finder's warrants issued	–	(1,000)
Bought deal financing, January 5, 2021	4,080,660	6,235,023
Fair value of warrants issued	–	(2,059,000)
Fair value of compensation warrants issued	–	(320,000)
Private placement of units, March 26, 2021	6,670,000	25,012,500
Fair value of warrants issued	–	(6,182,000)
Fair value of compensation warrants issued	–	(855,000)
Exercise of stock options	1,075,000	499,750
Fair value of exercised stock options	–	390,950
Exercise of warrants	–	1,977,101
Fair value of exercised warrants	1,735,604	801,321
Share issue costs	–	(3,152,800)
Balance, March 31, 2021	60,503,526	53,904,648
Option payment (see note 6)	250,000	875,000
Exercise of stock options	1,150,000	664,500
Fair value of exercised stock options	–	572,511
Exercise of warrants	1,902,281	1,212,451
Fair value of exercised warrants	–	390,635
Share issue costs	–	(5,825)
Balance, March 31, 2022	63,805,807	57,613,920

Private placement of units

On May 20, 2020, the Company completed a private placement of 2,200,000 units at a price of \$0.25 per unit for proceeds of \$550,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until November 20, 2021. In connection with the private placement, the Company paid a commission of \$5,679 and issued 22,750 broker warrants with the same terms as the unit warrants. Directors and officers acquired 245,000 units.

Private placement of units

On June 9, 2020, the Company completed a private placement of 5,000,000 units at a price of \$0.30 per unit for proceeds of \$1,500,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until June 9, 2022. In connection with the private placement, the Company paid a commission of \$2,100, issued 7,000 broker warrants with the same terms as the unit warrants and paid financing bonuses of \$30,000 to officers of the Company.

In connection with the purchase of 4,500,000 units, the Company granted the right for the subscriber to maintain its percentage holding of common shares by participating in any private placement of common shares or units until June 9, 2023.

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The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Unit warrants	Finder's warrants	Unit warrants	Finder's warrants
Issue date	May 20, 2020	May 20, 2020	June 9, 2020	June 9, 2020
Expiry date	November 20, 2021	November 20, 2021	June 9, 2022	June 9, 2022
Warrants issued	1,100,000	22,750	2,500,000	7,000
Exercise price	\$0.50	\$0.50	\$0.50	\$0.50
Share price	\$0.30	\$0.30	\$0.38	\$0.38
Risk-free interest rate	0.30%	0.30%	0.30%	0.30%
Expected volatility based on historical volatility	101%	101%	113%	113%
Expected life of warrants	1.5 years	1.5 years	2 years	2 years
Expected dividend yield	0%	0%	0%	0%
Forfeiture rate	0%	0%	0%	0%
Fair value	\$110,000	\$2,000	\$491,000	\$1,000
Fair value per warrant	\$0.10	\$0.10	\$0.20	\$0.20

Bought deal financing

On January 5, 2021, the Company completed a bought deal financing of 4,080,660 units of at a price of \$1.55 per unit for gross proceeds of \$6,325,023. Each unit consists of one common share one-half of one warrant, with each of the 2,040,330 whole warrants entitling the holder to purchase one common share for \$2.00 until January 5, 2023. In connection with the financing, the Company paid a cash commission of \$442,752 (representing 7% of the gross proceeds of the financing), issued 285,646 compensation warrants (representing 7% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$1.55 until January 5, 2023 and paid financing bonuses of \$100,000 to officers and consultants of the Company.

The fair value of the unit warrants and compensation warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

	Unit warrants	Compensation warrants
Issue date	January 5, 2021	January 5, 2021
Expiry date	January 5, 2023	January 5, 2023
Warrants issued	2,040,330	320,000
Exercise price	\$2.00	\$1.55
Share price	\$1.90	\$1.90
Risk-free interest rate	0.19%	0.19%
Expected volatility based on historical volatility	105%	105%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value	\$2,059,000	\$320,000
Fair value per warrant	\$1.01	\$1.12

Bought deal financing

On March 26, 2021, the Company completed a bought deal financing of 6,670,000 units of at a price of \$3.75 per unit for gross proceeds of \$25,012,500. Each unit consists of one common share one-half of one warrant, with each of the 3,335,000 whole warrants entitling the holder to purchase one common share for \$5.25 until March 26, 2023. In connection with the financing, the Company paid a cash commission of \$1,500,750 (representing 6% of the gross proceeds of the financing) and 400,200 compensation warrants (representing 6% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$3.75 until March 31, 2023 and paid financing bonuses of \$200,000 to officers and consultants of the Company.

The fair value of the unit warrants and compensation warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

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	Unit warrants	Compensation warrants
Issue date	March 26, 2021	March 26, 2021
Expiry date	March 26, 2023	March 26, 2023
Warrants issued	3,335,000	400,200
Exercise price	\$5.25	\$3.75
Share price	\$3.78	\$3.78
Risk-free interest rate	0.23%	0.23%
Expected volatility based on historical volatility	110%	110%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value	\$6,181,000	\$855,000
Fair value per warrant	\$1.85	\$2.14

See note 15, *Subsequent events, Bought deal financing*.

Stock options

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. At March 31, 2022, the Company may grant up to 6,380,580 stock options (2021 - 6,050,352). The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options will be 5 years and stock options granted will vest immediately.

A summary of the Company's stock options outstanding and exercisable at March 31, 2022 is presented below:

	Weighted-average exercise price	Number of stock options outstanding and exercisable
	\$	
Balance, March 31, 2020	0.49	3,830,000
Granted	2.55	2,035,000
Exercised	0.46	(1,075,000)
Balance, March 31, 2021	1.39	4,640,000
Granted	4.65	1,525,000
Exercised	0.58	(1,150,000)
Balance, March 31, 2022	2.57	5,015,000

The common share price when the stock options were exercised was in the range of \$3.37 - \$4.90 (2021 - \$1.35-\$5.34).

A summary of the Company's stock options outstanding at March 31, 2022 is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
\$0.87	November 30, 2022	100,000
\$0.70	June 12, 2023	50,000
\$0.40	February 18, 2025	1,555,000
\$0.60	June 9, 2025	755,000
\$4.45	February 1, 2026	1,030,000
\$4.65	March 3, 2027	1,525,000
		5,015,000

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Grant of stock options

A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

Date of grant	June 9, 2020	February 1, 2021	March 3, 2022
Expiry date	June 9, 2025	February 1, 2026	March 3, 2027
Stock options granted	1,005,000	1,030,000	1,525,000
Exercise price	\$0.60	\$4.45	\$4.65
Share price	\$0.54	\$4.45	\$4.65
Risk-free interest rate	0.45%	0.42%	1.59%
Expected volatility based on historical volatility	87%	85%	85%
Expected life of stock options	5 years	5 years	5 years
Expected dividend yield	0%	0%	0%
Forfeiture rate	0%	0%	0%
Vesting	On date of grant	On date of grant	On date of grant
Fair value	\$356,000	\$3,041,000	\$4,754,000
Fair value per stock option	\$0.35	\$2.95	\$3.12

See note 15, *Subsequent events, Grant of stock options and restricted share units.*

Warrants

A summary of the Company's common share warrants outstanding at March 31, 2022 is presented below:

	Weighted-average exercise price \$	Number of warrants
Balance, March 31, 2020	0.53	1,411,400
Issued	2.62	9,690,926
Exercised	1.14	(1,735,604)
Balance, March 31, 2021	2.57	9,366,722
Exercised	0.64	(1,902,281)
Balance, March 31, 2022	3.07	7,464,441

A summary of the Company's common share warrants outstanding at March 31, 2022 is presented below:

Exercise price	Expiry date	Number of warrants
\$0.50 (exercised subsequent to March 31, 2022)	June 9, 2022	2,353,850
\$2.00	January 5, 2023	1,306,770
\$1.55	January 5, 2023	70,846
\$5.25	March 26, 2023	3,335,000
\$3.75	March 26, 2023	397,975
		7,464,441

See note 15, *Subsequent events, Bought deal financing.*

Restricted share units

The Company may grant 3,200,000 restricted share units and in combination with all share compensation arrangements, including the Company's stock option plan, will not exceed 20% of the issued and outstanding common shares in the capital of the Company.

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A summary of the number of the Company's restricted share units outstanding at March 31, 2022 is presented below:

	Vested	Unvested	Total
Balance, March 31, 2020 and 2021	–	–	–
Granted	–	2,350,000	2,350,000
Balance, March 31, 2022	–	2,350,000	2,350,000

On January 19, 2022, the Company granted 2,350,000 restricted share units to officers and consultants. The restricted share units have a redemption date of December 31, 2025 and vest as follows: (a) one-third on the date of filing of a National Instrument 43-101 ("NI 43-101") compliant technical report in connection with the measurement of at least 300 million tonnes of inferred resources at Iska Iska; (b) one-third on the date of filing of a NI 43-101 compliant technical report in connection with the measurement of at least 500 million tonnes of inferred resources at Iska Iska; and (c) one-third on the date of filing of a NI 43-01 compliant technical report in connection with the completion of a positive prefeasibility study for Iska Iska. The fair value of the restricted share units granted is \$7,919,500. No related expense has been recognized as of March 31, 2022 due to inability to assess likelihood of vesting.

See note 15, *Subsequent events, Grant of stock options and restricted share units*.

9. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.5% (2021 - 26.5%) to the pre-tax net loss for the year. The reasons for the difference are as follows:

	As at March 31,	
	2022	2021
	\$	\$
Income tax recovery based on statutory rate	(1,883,096)	(1,236,150)
Change in deferred income tax assets not recognized	609,087	1,029,098
Stock-based compensation	1,259,810	900,205
Other	14,199	(693,153)
	–	–

Deferred income tax assets and liabilities

The Company's deferred income tax assets and liabilities are valued using the future income tax rate of 26.5% (2020 - 26.5%), which is the effective rate when they are expected to be realized and are as follows:

	As at March 31,	
	2022	2021
	\$	\$
Asset		
Exploration and evaluation	504,827	641,110
Non-capital loss and capital loss carryforward	3,199,846	2,783,539
Unrealized capital losses on investments	8,361	5,346
Share issuance costs	504,526	675,192
	4,217,560	4,105,187
Deferred tax assets not recognized	(4,217,560)	(4,105,187)
	–	–

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Losses carried forward

At March 31, 2022, the Company had non-capital loss carryforwards which expire as follows:

	\$
2027	262,000
2028	740,000
2029	958,000
2030	815,000
2031	556,000
2032	642,000
2033	359,000
2034	249,000
2035	496,000
2036	461,000
2037	772,000
2038	765,000
2039	671,000
2040	669,000
2041	1,897,000
2042	1,609,000
	11,921,000

Resource deductions

At March 31, 2022, the Company has cumulative Canadian exploration expenses of \$1,354,000 (2021 - \$1,354,000), cumulative Canadian development expenses of \$526,000 (2021 - \$526,000), cumulative foreign resource expenses of \$5,077,000 (2021 - \$5,077,000) and cumulative Canadian oil and gas property expenditures of \$406,000 (2021 - \$406,000) which may be carried forward indefinitely to reduce taxable income in future years.

Refundable tax credit notices of assessment

On July 26, 2017, the Company received notices of assessments from Revenu Québec for the repayment of \$367,360 ("Notices") for the return of refunds received by the Company for the tax credit relating to resources in respect of 2013, 2014 and 2016 and interest of \$53,416. The Company also received notices of assessment from Revenu Québec for the repayment of refunds of \$21,733 received by the Company for mining tax refundable duties credit for losses in respect of 2011, 2014 and 2016 ("Notices").

The Company has filed notices of objection with respect to the Notices and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in these consolidated financial statements.

Pending resolution of the Notices, the Company is making payments of \$5,000 per month to Revenu Québec. For the year ended March 31, 2022, the Company made payments of \$60,000 (2021 - \$14,000) which has been recorded in the consolidated statement of loss and comprehensive loss.

See note 15, *Subsequent events, Refundable tax credit notices of assessment.*

10. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities

The fair value of accounts payable and accrued liabilities approximates its carrying value due to their short term to maturity.

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Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data.

Marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

11. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at March 31, 2022 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$1,725.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments and the Company has no interest-bearing debt.

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Capital management

Capital of the Company consists of share capital, warrants, contributed surplus, foreign currency reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

12. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended March 31,		Outstanding at March 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Exploration and evaluation consulting fees	120,000	14,000	12,636	—
Consulting fees	324,000	243,000	—	116,027
Investor relations	132,000	—	12,660	—
Bonus	270,000	220,000	—	190,000
Stock-based compensation	3,195,311	1,696,428	—	—
	4,041,311	2,173,428	25,296	306,027

During the year ended March 31, 2021, two officers of the Company advanced \$270,000 to the Company. The advances were unsecured, interest-free and due on demand and were repaid.

See note 5 for other related party transactions and note 8 for details of stock options granted to directors and officers.

13. Commitments and contingencies

Value-added tax

In Peru, the Company has paid a value added tax, *Impuesto General a las Ventas* ("IGV"), on the purchase of goods and services which may be recovered against IGV collected on sales by the Company. The Company has paid IGV of US\$446,930, of which, the Company is obligated to pay US\$362,929 to BDM upon recovery. The remaining IGV of US\$84,001 has been included in exploration and evaluation.

14. Segment information

The Company operates in one reportable segment being mineral exploration.

As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

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The Company operates in Peru and Bolivia:

Location of non-current assets	\$
Peru	6,142,165
Bolivia	20,996,092
	<hr/> 27,138,257 <hr/>

15. Subsequent events

Option payment advance

On May 24, 2022, the Company made an instalment payment of US\$300,000 on account of the option payment. At July 29, 2022, the Company has made instalment payments of US\$500,000 on account of the option payment.

Iska Iska option payment advance

On June 24, 2022, the Company made an instalment payment of US\$400,000 on account of the Iska Iska option payment. At July 29, 2022, the Company has made instalment payments of US\$3,400,000 on account of the Iska Iska option payment.

Bought deal financing

On May 19, 2022, the Company completed a bought deal financing of 3,007,710 units of at a price of \$3.25 per unit for gross proceeds of \$9,775,057. Each unit consisted of one common share one-half of one warrant, with each of the 1,503,855 whole warrants entitling the holder to purchase one common share for \$4.75 until May 19, 2024. In connection with the financing, the Company paid a cash commission of \$586,503 (representing 6% of the gross proceeds of the financing), issued 180,462 compensation warrants (representing 6% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$3.25 until May 19, 2024.

Grant of stock options and restricted share units

On June 6, 2022, the Company granted to a consultant:

- a. 750,000 stock options entitling the holder to purchase one common share for \$3.68 until February 18, 2027; and
- b. 750,000 restricted share units with a redemption date of June 6, 2025 and vest in 3 annual instalments.

On May 30, 2022, the Company granted 100,000 stock options to a consultant entitling the holder to purchase one common share for \$3.42 until May 31, 2027.

Refundable tax credit notices of assessment

On June 28, 2022, the Company received the decision from Revenu Québec with respect to notices of objection to require the repayment of \$367,360 for the tax credit relating to resources and \$21,733 for mining tax refundable duties credit for losses received by the Company (see note 9, *Income taxes*). The decision reduced the amounts required to be repaid to \$14,657 for the tax credit relating to resources and \$20,675 for mining tax refundable duties credit for losses.