

Eloro Resources Ltd.

Condensed Interim Consolidated Financial Statements

September 30, 2023

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Eloro Resources Ltd. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Eloro Resources Ltd.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at September 30, 2023 \$	As at March 31, 2023 \$
Assets			
Current			
Cash and cash equivalents		6,136,158	8,807,265
Receivables		326,410	517,030
Marketable securities	3	282,375	20,700
Prepaid expenses		683,057	740,354
		7,428,000	10,085,349
Right-of-use asset	4	144,138	166,313
Option payment advance	5	635,660	635,660
Exploration and evaluation	6	54,843,450	47,605,586
		63,051,248	58,492,908
Liabilities			
Current			
Accounts payable and accrued liabilities	11	1,499,993	1,698,403
Current portion of lease liability	7	44,182	42,636
		1,544,175	1,741,040
Lease liability	7	111,467	133,951
		1,655,642	1,874,990
Shareholders' equity			
Share capital	8	91,783,577	86,396,762
Warrants		4,720,007	3,671,122
Contributed surplus		20,733,042	14,801,396
Foreign currency reserve		312,037	229,946
Deficit		(56,153,057)	(48,481,308)
		61,395,606	56,617,918
		63,051,248	58,492,908
Commitments and contingencies	12		
Subsequent event	14		
Approved by the Board:			
	Thomas Larsen Director	Francis Sauve Director	

Eloro Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended September 30,		6 months ended September 30,	
		2023 \$	2022 \$	2023 \$	2022 \$
Expenses					
Professional fees		93,130	87,639	137,469	164,566
Consulting fees	11	132,500	128,150	260,000	245,150
Financing bonus	11	-	150,000	-	150,000
Stock-based compensation		5,594,646	586,118	5,931,646	3,084,118
Investor relations and marketing	11	324,411	219,814	694,469	626,882
General and office		290,264	138,776	430,139	256,905
Travel		64,003	20,906	123,063	93,811
Depreciation	4	11,088	11,088	22,176	22,176
Accretion of interest	7	2,440	3,050	5,037	6,245
Foreign exchange loss (gain)		(24,994)	41,736	33,784	23,557
Gain on sale of marketable securities	3	-	-	(25,351)	-
Fair value adjustment on marketable securities		186,738	-	186,738	(3,450)
Impairment of exploration and evaluation	6	1,443	-	(7,798)	9,488
Refundable tax credit notices of assessment paid (recovered)		-	(157,806)	-	(142,806)
Other income		(44,728)	(11,300)	(119,623)	(11,300)
		<u>6,630,941</u>	<u>1,218,170</u>	<u>7,671,749</u>	<u>4,525,343</u>
Loss for the period		(6,630,941)	(1,218,170)	(7,671,749)	(4,525,343)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years (net of tax)					
Currency translation adjustment		(27,971)	(53,042)	82,091	(43,155)
Comprehensive loss for the period		<u>(6,658,912)</u>	<u>(1,271,212)</u>	<u>(7,589,658)</u>	<u>(4,568,498)</u>
Loss per share - basic and diluted		<u>(0.09)</u>	<u>(0.02)</u>	<u>(0.10)</u>	<u>(0.07)</u>
Weighted average number of shares outstanding - basic and diluted		<u>76,002,286</u>	<u>67,142,198</u>	<u>75,296,456</u>	<u>67,771,681</u>

Eloro Resources Ltd.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital \$ (note 8)	Warrants \$ (note 8)	Contributed surplus \$ (note 8)	Foreign currency reserve \$	Deficit \$	Total \$
Balance, March 31, 2023	86,396,762	3,671,122	14,801,396	229,946	(48,481,308)	56,617,918
Bought deal financing	6,902,532	-	-	-	-	6,902,532
Fair value of warrants issued	(871,578)	871,578	-	-	-	-
Fair value of compensation warrants issued	(145,861)	145,861	-	-	-	-
Share issue costs	(716,832)	-	-	-	-	(716,832)
Private placement of units	250,000	-	-	-	-	250,000
Fair value of warrants issued	(31,446)	31,446	-	-	-	-
Stock-based compensation	-	-	5,931,646	-	-	5,931,646
Other comprehensive income for the period	-	-	-	82,091	-	82,091
Loss for the period	-	-	-	-	(7,671,749)	(7,671,749)
Balance, September 30, 2023	91,783,577	4,720,007	20,733,042	312,037	(56,153,057)	61,395,606
Balance, March 31, 2022	57,613,920	8,889,045	10,502,025	146,713	(40,493,806)	36,657,897
Bought deal financing	9,775,057	-	-	-	-	9,775,057
Fair value of warrants issued	(1,907,000)	1,907,000	-	-	-	-
Fair value of compensation warrants issued	(287,000)	287,000	-	-	-	-
Exercise of warrants	1,866,387	-	-	-	-	1,866,387
Fair value of exercised warrants	812,801	(812,801)	-	-	-	-
Exercise of stock options	170,500	-	-	-	-	170,500
Fair value of exercised stock options	112,747	-	(112,747)	-	-	-
Share issue costs	(960,809)	-	-	-	-	(960,809)
Stock-based compensation	-	-	3,084,118	-	-	3,084,118
Other comprehensive income for the period	-	-	-	(43,155)	-	(43,155)
Loss for the period	-	-	-	-	(4,525,343)	(4,525,343)
Balance, September 30, 2022	67,196,603	10,270,244	13,473,396	103,558	(45,019,149)	46,024,652

Eloro Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	6 months ended September 30,	
	2023	2022
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss for the period	(7,671,749)	(4,525,343)
Items not affecting cash		
Depreciation	22,176	22,175
Accretion of interest	5,037	6,246
Stock-based compensation	5,931,646	3,084,118
Gain on sale of marketable securities	(25,351)	-
Unrealized (gain) loss on marketable securities	186,738	(3,450)
Impairment of exploration and evaluation	(7,798)	9,488
Changes in non-cash operating working capital		
Receivables	190,620	167,410
Prepaid expenses	57,297	(164,741)
Accounts payable and accrued liabilities	141,680	1,324,237
	<u>(1,169,703)</u>	<u>(79,859)</u>
Financing activities		
Repayment of lease liabilities	(25,978)	(25,732)
Bought deal financing	6,902,532	9,775,057
Private placement of units	250,000	-
Share issue costs	(716,832)	(960,809)
Exercise of warrants	-	1,866,387
Exercise of stock options	-	170,500
	<u>6,409,722</u>	<u>10,825,403</u>
Investing activities		
Purchase of marketable securities	(529,943)	-
Proceeds on sale of marketable securities	106,881	-
Option payment advance	-	(384,780)
Exploration and evaluation	(7,570,154)	(10,967,824)
	<u>(7,993,216)</u>	<u>(11,352,604)</u>
Net increase (decrease) in cash and cash equivalents	(2,753,198)	(607,060)
Cash and cash equivalents, beginning of period	8,807,265	9,437,277
Currency translation adjustment	82,091	(43,155)
Cash and cash equivalents, end of period	6,136,158	8,787,063
Supplementary information		
Interest paid	5,037	6,245
Income taxes paid	-	-

Eloro Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2023

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Eloro Resources Ltd. (the "Company") is a public company engaged in the exploration and development of a polymetallic property in Bolivia, a gold-silver property in Peru 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2023.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 14, 2023.

3. Marketable securities

During the 6 months ended September 30, 2023, the Company purchased 853,000 and sold 200,000 common shares of Cartier Silver Corporation ("Cartier"), a company which owns 2,400,000 common shares of the Company and has three directors who are also directors of the Company. The Company realized a gain of \$25,351 on the sale of the 200,000 common shares of Cartier. As at September 30, 2023, the Company holds 653,000 common shares of Cartier (March 31, 2023 - nil).

4. Right-of-use asset

	\$
Right-of-use asset, March 31, 2023 and September, 2023	221,751
Accumulated depreciation, March 31, 2023	55,437
Depreciation	22,176
Accumulated depreciation, September 30, 2023	77,613
Balance, September 30, 2023	144,138

The right-of-use asset consists of a lease for premises shared with Cartier.

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 September 30, 2023, the Company has made installment payments of US\$500,000 (March 31, 2023 - US\$500,000) on account of the option.

6. Exploration and evaluation

	March 31, 2023	Exploration	Impairment	September 30, 2023
	\$	\$	\$	\$
Property				
Iska Iska	41,154,804	7,397,734	–	48,552,538
La Victoria	6,450,782	197,186	–	6,647,968
Other	–	(7,798)	7,798	–
	47,605,586	7,587,122	7,798	55,200,506

Iska Iska

The Company owns a 98% interest in Minera Tupiza S.R.L. (“Minera Tupiza”) which has an option to acquire a 100% 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 5, *Option payment advance*).

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

	Common shares		Option payment US\$
	Number	Fair value \$	
February 5, 2020 (issued)	250,000	100,000	–
January 6, 2022 (Issued)	250,000	875,000	–
July 6, 2024 (US\$4,400,000 paid)(note 14, <i>Subsequent event</i>)	–	–	10,000,000
	500,000	975,000	10,000,000

On October 14, 2020, the Company staked 9 additional claims covering 311.75 km² including the Tomave, Khuchu Ingenio and Puna properties located further north towards Potosi. Collectively, the land package to be controlled by the Company following the acquisition will total 1,935 quadrants covering 483.75 km².

On November 22, 2022, Minera Tupiza entered into an option agreement (the “Option Agreement”) to acquire the Mina Casiterita and Mina Hoyada properties, which collectively cover 14.75 km² southwest and west of Iska Iska, subject to finalizing the granting of the mining rights process. Under the Option Agreement, the capital quotas of the titleholder will be transferred to Minera Tupiza in exchange for the issue of 200,000 common shares of the Company. The transaction is subject to the completion of the terms outlined in the Option Agreement, together with the receipt of all required regulatory approvals in connection with the issuance of common shares of the Company.

Letter of intent agreement – Empresa Minera Villegas S.R.L.

On November 9, 2022, the Company, through its Bolivian subsidiary, Minera Tupiza, entered into a letter of intent agreement (“LOI Agreement”) with Empresa Minera Villegas S.R.L. (“Minera Villegas”), Iska Iska’s title holders, whereby Minera Tupiza was granted the right to acquire 100% of the capital quotas held by the owners of Minera Villegas, prior to, or concurrent with the final payment for the Iska Iska option (see Iska Iska section above), due on or before July 6, 2024. Pursuant to the LOI Agreement, the valuation price for the additional assets of Minera Villegas, distinct from the Iska Iska project, was to be delivered to Minera Tupiza before July 6, 2023, whereby Minera Tupiza could have accepted the valuation or enter into a negotiation period for three months, until October 6, 2023 (the “Negotiation Period”). If during the Negotiation Period, an agreement for the definitive price for the additional assets is not reached, the parties agree to request that a third party provide an independent valuation. When a definitive price for the additional assets is agreed upon by both parties, a definitive agreement will be executed to formalize their sale, to coincide with the Iska Iska earn-in and transfer of the capital quotas of Minera Villegas to Minera Tupiza. By mutual consent, Minera Tupiza and Minera Villegas are negotiating the extension of the deadline of July 6, 2023 for the delivery of valuation price for the additional assets and the October 6, 2023 deadline for the Negotiation Period.

La Victoria, Peru

The Company owns an 82% interest in La Victoria (March 31, 2023 - 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.

7. Lease liabilities

	\$
Balance, March 31, 2023	176,587
Accretion of interest	5,037
Lease payments	(25,975)
Balance, September 30, 2023	155,649
Current portion of lease liabilities	44,182
Long-term lease liabilities	111,467
	155,649

The lease for premises is a joint and several commitment with Cartier. The remaining lease term is 3.25 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.

Outstanding

	Number of common shares	Amount \$
Balance, March 31, 2023	74,582,870	86,396,762
Bought deal financing	2,191,280	6,902,532
Fair value of warrants issued		
Unit	–	(871,578)
Compensation	–	(145,861)
Share issue costs	–	(716,832)
Private placement of units	79,365	250,000
Fair value of warrants issued	-	(31,446)
Balance, September 30, 2023	76,853,515	91,783,577

Bought deal financing

On August 3, 2023, the Company completed a bought deal financing of 2,191,280 units at a price of \$3.15 per unit for gross proceeds of \$6,902,532. Each unit consisted of one common share and one-half of one warrant, with each of the 1,095,640 whole warrants entitling the holder to purchase one common share for \$4.25 until August 3, 2025. In connection with the financing, the Company paid a cash commission of \$414,152 (representing 6% of the gross proceeds of the financing) issued 131,476 compensation warrants (representing 6% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$3.15 until August 3, 2025.

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	August 3, 2023	August 3, 2023
Expiry date	August 3, 2025	August 3, 2025
Warrants issued	1,095,640	131,476
Exercise price	\$4.25	\$3.15
Share price	\$3.15	\$3.15
Risk-free interest rate	4.72%	4.72%
Expected volatility based on historical volatility	58%	58%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	\$871,578	\$145,861
Fair value per warrant	\$0.80	\$1.11

Private placement of units

On August 17, 2023, the Company completed a private placement of 79,365 units at a price of \$3.15 per unit for proceeds of \$250,000. 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 \$4.25 until August 17, 2025.

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

	Unit warrants
Issue date	August 17, 2023
Expiry date	August 17, 2025
Warrants issued	39,682
Exercise price	\$4.25
Share price	\$3.15
Risk-free interest rate	4.78%
Expected volatility based on historical volatility	58%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	\$31,446
Fair value per warrant	\$0.79

Warrants

A summary of the Company's common share warrants outstanding at September 30, 2023 is presented below:

	Weighted-average exercise price	Number of warrants
	\$	
Balance, March 31, 2023	4.42	3,417,582
Issued	4.14	1,266,798
Balance, September 30, 2023	4.34	4,684,380

A summary of the Company's common share warrants outstanding at September 30, 2023 is presented below:

Exercise price	Expiry date	Number of warrants
\$4.75	May 19, 2024	1,503,855
\$3.25	May 19, 2024	180,462
\$4.25	January 27, 2025	1,733,265
\$4.25	August 3, 2025	1,095,640
\$3.15	August 3, 2025	131,476
\$4.25	August 17, 2025	39,682
		4,684,380

Long-term Incentive Plan

The shareholders of the Company approved a new Long-term Incentive Plan (the "Plan") at an annual and special meeting held on September 27, 2022. The Plan received TSX Venture Exchange approval on October 31, 2022. With the implementation of the Plan, all previously issued stock options and restricted share unit awards, which were granted pursuant to the Company's stock option plan and Restricted Share Unit Plan respectively, will be governed by the Plan. The Plan permits the Board to make awards of stock options, restricted share units, performance share units and deferred share units. The maximum number of common shares for issuance under the Plan for stock options will not exceed 10% of the Company's then issued and outstanding shares. The maximum number of common shares for issuance under the Plan for all other awards other than stock options will not exceed 10% of the Company's issued and outstanding shares at the time of shareholder approval of the Plan.

Stock options

The number of the common shares subject to each stock option grant, exercise price, vesting, expiry date and other terms and conditions are determined by the Board. The exercise price shall in no event be lower than the market price of the common shares on the grant date. Stock options shall be for a fixed term, not exceeding five years and unless otherwise specified, each stock option shall vest as to one third on each of the first through third anniversaries of the grant date.

Authorized

7,685,351 stock options

Outstanding

A summary of the Company's stock options outstanding and exercisable at September 30, 2023 is presented below:

	Weighted-average exercise price \$	Number of stock options outstanding and exercisable
Balance, March 31, 2023	2.95	5,800,000
Expired	0.70	(35,000)
Balance, September 30, 2023	2.97	5,765,000

A summary of the Company's stock options outstanding at September 30, 2023 is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
\$0.40	February 18, 2025	1,305,000
\$3.59	June 6, 2025	750,000
\$0.60	June 9, 2025	655,000
\$4.45	February 1, 2026	1,030,000
\$4.65	March 3, 2027	1,525,000
\$3.42	May 30, 2027	100,000
\$4.32	August 3, 2027	150,000
\$3.30	February 2, 2028	250,000
		5,765,000

Restricted share units, deferred share units and performance share units

Authorized

The Company may grant an aggregate total of 6,987,897 in restricted share units, deferred share units and performance share units, which represents 10% of the issued and outstanding common shares as at September 27, 2022, the date the shareholders of the Company approved the Plan.

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. On August 30, 2023, the Company achieved vesting milestones (a) and (b) and as a result for the period ending September 30, 2023, the Company recognized \$5,279,667 of stock-based compensation expense for the 1,566,667 vested restricted share units. No related expense has been recognized for milestone (c) as of September 30, 2023 due to inability to assess likelihood of vesting.

On June 6, 2022, the Company granted 750,000 restricted share units to a consultant. The restricted share units have a redemption date of June 6, 2025 and vest in 3 annual instalments. The fair value of the restricted share units granted was \$2,692,500, which will be expensed over the 3-year vesting period. For the period ended September 30, 2023, stock-based compensation expense for the restricted share units was \$523,979 (2023 - \$548,472).

On February 2, 2023, the Company granted 300,000 restricted share units to officers. The restricted share units have a redemption date of December 31, 2026 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 \$960,000. On August 30, 2023, the Company achieved vesting milestones (a) and (b). In accordance with the Plan, vesting of any restricted share units shall not be earlier than 12 months from the date of grant. As a result, the fair value of \$640,000 for the 200,000 vested restricted share units will be expensed over the remaining vesting period ending on February 2, 2024. For the period ended September 30, 2023, stock-based compensation expense for the restricted share units was \$128,000. No related expense has been recognized for milestone (c) as of September 30, 2023 due to inability to assess likelihood of vesting.

A summary of the number of the Company's outstanding restricted share units at September 30, 2023 is presented below:

	Vested	Unvested	Total
Balance, March 31, 2023	–	3,400,000	3,400,000
Balance, September 30, 2023	1,816,667	1,583,333	3,400,000

There are no deferred share units or performance units outstanding.

9. 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.

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.

10. 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 September 30, 2023 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$28,238.

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.

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.

11. 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:

	6 months ended September 30,		Outstanding at	Outstanding at
	2023	2022	September 30,	March 31,
	\$	\$	2023	2023
			\$	\$
Exploration and evaluation consulting fees	90,000	80,000	–	–
Consulting fees	225,000	214,500	10,000	31,835
Financing bonus	–	145,000	–	–
Investor relations	72,000	72,500	–	–
Stock-based compensation	3,722,666	–	–	–
	4,109,666	512,000	10,000	31,835

See notes 3, 4 and 7 for other related party transactions.

12. 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. At September 30, 2023, the Company has paid IGV of US\$462,057, of which, the Company is obligated to pay US\$363,858 to BDM upon recovery. The remaining IGV of US\$98,199 has been included in exploration and evaluation.

13. 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.

The Company operates in Bolivia and Peru:

Location of non-current assets	\$
Bolivia	48,195,482
Peru	6,647,968
	54,843,450

14. Subsequent event

Subsequent to September 30, 2023, the Company made a payment of US\$500,000 on account of the Iska Iska option.