# Eloro Resources Ltd.

## Condensed Interim Consolidated Financial Statements

**December 31, 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 December 31, 2023 $ | As at March 31, 2023 $ |
|---|---|---|---|
| **Assets** | | | |
| Current | | | |
| Cash and cash equivalents | | 1,538,546 | 8,807,265 |
| Receivables | | 437,028 | 517,030 |
| Marketable securities | 3 | 312,395 | 20,700 |
| Due from Cartier | 4 | 198,477 | - |
| Prepaid expenses | | 603,473 | 740,354 |
| | | 3,089,919 | 10,085,349 |
| Right-of-use asset | 5 | 133,050 | 166,313 |
| Option payment advance | 6 | 635,660 | 635,660 |
| Exploration and evaluation | 7 | 59,028,960 | 47,605,586 |
| | | 62,887,589 | 58,492,908 |
| **Liabilities** | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 12 | 1,927,200 | 1,698,403 |
| Current portion of lease liability | 8 | 33,474 | 42,636 |
| | | 1,960,674 | 1,741,040 |
| Lease liability | 8 | 111,467 | 133,951 |
| | | 2,072,141 | 1,874,990 |
| **Shareholders' equity** | | | |
| Share capital | 9 | 91,783,577 | 86,396,762 |
| Warrants | | 4,720,007 | 3,671,122 |
| Contributed surplus | | 21,649,137 | 14,801,396 |
| Foreign currency reserve | | 455,552 | 229,946 |
| Deficit | | (57,792,825) | (48,481,308) |
| | | 60,815,448 | 56,617,918 |
| | | 62,887,589 | 58,492,908 |
| **Commitments and contingencies** | 13 | | |

**Approved by the Board:** Thomas Larsen **Director** Francis Sauve **Director**



See accompanying notes to condensed interim consolidated financial statements.

# Eloro Resources Ltd.
# Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

| | Notes | 3 months ended December 31, 2023 | 3 months ended December 31, 2022 | 9 months ended December 31, 2023 | 9 months ended December 31, 2022 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Expenses** | | | | | |
| Professional fees | | 41,474 | 132,833 | 178,943 | 297,398 |
| Consulting fees | 12 | 142,500 | 127,500 | 402,500 | 372,650 |
| Financing bonus | 12 | - | - | - | 150,000 |
| Stock-based compensation | 9 | 916,095 | 411,000 | 6,847,741 | 3,495,118 |
| Investor relations and marketing | 12 | 412,806 | 464,329 | 1,107,275 | 1,091,211 |
| General and office | | 61,977 | 104,765 | 492,116 | 361,670 |
| Travel | | 20,464 | 63,626 | 143,527 | 157,437 |
| Depreciation | 5 | 11,088 | 11,088 | 33,264 | 33,264 |
| Accretion of interest | 8 | 2,281 | 2,903 | 7,318 | 9,148 |
| Foreign exchange loss | | 51,931 | 146,555 | 85,715 | 170,112 |
| Gain on sale of marketable securities | 3 | - | - | (25,351) | - |
| Fair value adjustment on marketable securities | | 32,672 | (4,600) | 219,410 | (8,050) |
| Impairment of exploration and evaluation | 7 | - | 340 | (7,798) | 9,828 |
| Refundable tax credit notices of assessment paid (recovered) | | - | - | - | (142,806) |
| Other income | | (53,520) | (114,696) | (173,143) | (125,996) |
| | | 1,639,768 | 1,345,642 | 9,311,517 | 5,870,984 |
| **Loss for the period** | | (1,639,768) | (1,345,642) | (9,311,517) | (5,870,984) |
| **Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax)** | | | | | |
| Currency translation adjustment | | 143,515 | 62,830 | 225,606 | 19,675 |
| **Comprehensive loss for the period** | | (1,496,253) | (1,282,812) | (9,085,911) | (5,851,309) |
| **Loss per share - basic and diluted** | | (0.02) | (0.02) | (0.12) | (0.09) |
| **Weighted average number of shares outstanding - basic and diluted** | | 76,853,515 | 69,984,551 | 75,817,363 | 68,511,987 |



See accompanying notes to condensed interim consolidated financial statements.

# Eloro Resources Ltd.
# Consolidated Statements of Changes in Equity
(expressed in Canadian dollars)
(unaudited)

| | Share capital $ (note 9) | Warrants $ (note 9) | Contributed surplus $ (note 9) | 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 | - | - | 6,847,741 | - | - | 6,847,741 |
| Other comprehensive income for the period | - | - | - | 225,606 | - | 225,606 |
| Loss for the period | - | - | - | - | (9,311,517) | (9,311,517) |
| **Balance, December 31, 2023** | 91,783,577 | 4,720,007 | 21,649,137 | 455,552 | (57,792,825) | 60,815,448 |
| | | | | | | |
| **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 | 3,574,946 | - | - | - | - | 3,574,946 |
| Fair value of exercised warrants | 1,695,717 | (1,695,717) | - | - | - | - |
| Exercise of stock options | 257,500 | - | - | - | - | 257,500 |
| Fair value of exercised stock options | 174,747 | - | (174,747) | - | - | - |
| Share issue costs | (960,809) | - | - | - | - | (960,809) |
| Stock-based compensation | - | - | 3,495,118 | - | - | 3,495,118 |
| Other comprehensive income for the period | - | - | - | 19,675 | - | 19,675 |
| Loss for the period | - | - | - | - | (5,870,984) | (5,870,984) |
| **Balance, December 31, 2022** | 69,937,078 | 9,387,328 | 13,822,396 | 166,388 | (46,364,791) | 46,948,399 |



See accompanying notes to condensed interim consolidated financial statements.

# Eloro Resources Ltd.
# Consolidated Statements of Cash Flows
(expressed in Canadian dollars)
(unaudited)

| | 9 months ended December 31, 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Loss for the period | (9,311,517) | (5,870,983) |
| Items not affecting cash | | |
| Depreciation | 33,264 | 33,263 |
| Accretion of interest | 7,318 | 9,148 |
| Stock-based compensation | 6,847,741 | 3,495,118 |
| Gain on sale of marketable securities | (25,351) | - |
| Unrealized (gain) loss on marketable securities | 219,410 | (8,050) |
| Impairment of exploration and evaluation | (7,798) | 9,828 |
| Changes in non-cash operating working capital | | |
| Receivables | 80,003 | 8,364 |
| Prepaid expenses | 136,881 | (91,552) |
| Accounts payable and accrued liabilities | (139,342) | 238,350 |
| | (2,159,391) | (2,176,514) |
| **Financing activities** | | |
| Repayment of lease liabilities | (38,964) | (38,597) |
| 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 | - | 3,574,946 |
| Exercise of stock options | - | 257,500 |
| | 6,396,736 | 12,608,097 |
| **Investing activities** | | |
| Purchase of marketable securities | (592,635) | - |
| Proceeds on sale of marketable securities | 106,881 | - |
| Due from Cartier Silver Corporation | (198,477) | - |
| Option payment advance | - | (384,780) |
| Exploration and evaluation | (11,047,439) | (16,785,350) |
| | (11,731,670) | (17,170,130) |
| **Net decrease in cash and cash equivalents** | (7,494,325) | (6,738,547) |
| **Cash and cash equivalents, beginning of period** | 8,807,265 | 9,437,277 |
| **Currency translation adjustment** | 225,606 | 19,675 |
| **Cash and cash equivalents, end of period** | 1,538,546 | 2,718,405 |
| **Supplementary information** | | |
| Interest paid | 7,318 | 9,148 |
| Income taxes paid | - | - |



See accompanying notes to condensed interim consolidated financial statements.

(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 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 February 14, 2024.

### 3. Marketable securities
During the 9 months ended December 31, 2023, the Company purchased 1,033,000 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 December 31, 2023, the Company holds 833,000 common shares of Cartier (March 31, 2023 - nil).

### 4. Due from Cartier
The amount due from Cartier is unsecured, non-interest bearing and due on demand.

### 5. Right-of-use asset

| | $ |
|---|---|
| Right-of-use asset, March 31, 2023 and December 31, 2023 | 221,751 |
| Accumulated depreciation, March 31, 2023 | 55,437 |
| Depreciation | 33,264 |
| Accumulated depreciation, December 31, 2023 | 88,701 |
| Balance, December 31, 2023 | 133,050 |

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

### 6. 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 December 31, 2023, the Company has made installment payments of US$500,000 (March 31, 2023 - US$500,000) on account of the option.

## 7. Exploration and evaluation

| | March 31, 2023 $ | Acquisition costs $ | Exploration $ | Impairment $ | December 31, 2023 $ |
|---|---|---|---|---|---|
| **Property** | | | | | |
| Iska Iska | 41,154,804 | 689,265 | 10,480,400 | – | 52,324,469 |
| La Victoria | 6,450,782 | – | 253,709 | – | 6,704,491 |
| Other | – | – | (7,798) | 7,798 | – |
| | 47,605,586 | 689,265 | 10,726,311 | 7,798 | 59,028,960 |

**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 6, *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 |
|---|---|---|---|
| | Number | Fair value $ | payment US$ |
| February 5, 2020 (issued) | 250,000 | 100,000 | – |
| January 6, 2022 (Issued) | 250,000 | 875,000 | – |
| July 6, 2024 (US$4,900,000 paid) | – | – | 10,000,000 |
| | 500,000 | 975,000 | 10,000,000 |

On October 14, 2020, the Company staked 9 additional claims covering 311.75 km$^2$ 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 km$^2$.

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 km$^2$ 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 – Empressa 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 Empressa 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 Mineral Villegas negotiated the extension of the deadline to February 29, 2024 for the delivery of valuation price for the additional assets and October 30, 2024 for the 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.

## 8. Lease liabilities

| | $ |
|---|---|
| Balance, March 31, 2023 | 176,587 |
| Accretion of interest | 7,318 |
| Lease payments | (38,964) |
| Balance, December 31, 2023 | 144,941 |
| | |
| Current portion of lease liabilities | 33,474 |
| Long-term lease liabilities | 111,467 |
| | 144,941 |

The lease for premises is a joint and several commitment with Cartier. The remaining lease term is 3 years.

## 9. 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, December 31, 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 December 31, 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, December 31, 2023 | 4.34 | 4,684,380 |

A summary of the Company's common share warrants outstanding at December 31, 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 December 31, 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) |
| Granted | 1.53 | 350,000 |
| Balance, December 31, 2023 | 2.88 | 6,115,000 |

A summary of the Company's stock options outstanding at December 31, 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 |
| $1.53 | November 22, 2028 | 350,000 |
| | | 6,115,000 |

*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 | November 22, 2023 |
| Expiry date | November 22, 2028 |
| Stock options granted | 350,000 |
| Exercise price | $1.53 |
| Share price | $1.46 |
| Risk-free interest rate | 3.76% |
| Expected volatility based on historical volatility | 84% |
| Expected life of stock options | 5 years |
| Expected dividend yield | 0% |
| Forfeiture rate | 0% |
| Vesting | On date of grant |
| Fair value | $345,116 |
| Fair value per stock option | $0.99 |

**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 December 31, 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 December 31, 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 is being expensed over the 3-year vesting period. For the period ended December 31, 2023, stock-based compensation expense for the restricted share units was $710,521 (2022 - $959,472).

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 is being expensed over the remaining vesting period ending on February 2, 2024. For the period ended December 31, 2023, stock-based compensation expense for the restricted share units was $512,000. No related expense has been recognized for milestone (c) as of December 31, 2023, due to inability to assess likelihood of vesting.

A summary of the number of the Company’s outstanding restricted share units at December 31, 2023 is presented below:

| | **Vested** | **Unvested** | **Total** |
|---|---|---|---|
| Balance, March 31, 2023 | – | 3,400,000 | 3,400,000 |
| Balance, December 31, 2023 | 1,816,667 | 1,583,333 | 3,400,000 |

There are no deferred share units or performance units outstanding.

## 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.

*Due from Cartier and accounts payable and accrued liabilities*

The fair value of due from Cartier and accounts payable and accrued liabilities approximates their 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.

## 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 and due from Cartier. The maximum exposure to credit risk is equal to the balance of cash and due from Cartier.

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 December 31, 2023 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by $31,240.

***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.

## 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:

| | 9 months ended December 31, 2023 $ | 2022 $ | Outstanding at December 31, 2023 $ | Outstanding at March 31, 2023 $ |
|---|---|---|---|---|
| Exploration and evaluation consulting fees | 135,000 | 140,000 | – | – |
| Consulting fees | 337,500 | 327,000 | – | 31,835 |
| Financing bonus | – | 145,000 | – | – |
| Investor relations | 108,000 | 110,000 | – | – |
| Stock-based compensation | 4,254,566 | – | – | – |
| | 4,835,066 | 722,000 | – | 31,835 |

See notes 3, 4, 5 and 8 for other related party transactions.

## 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. At December 31, 2023, the Company has paid IGV of US$462,732, of which, the Company is obligated to pay US$363,980 to BDM upon recovery. The remaining IGV of US$98,752 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.

The Company operates in Bolivia and Peru:

| **Location of non-current assets** | **$** |
|---|---|
| Bolivia | 52,324,469 |
| Peru | 6,704,491 |
| | 59,028,960 |