

# **Eloro Resources Ltd.**

## **Consolidated Financial Statements**

**March 31, 2024 and 2023**

(expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eloro Resources Ltd.

### *Opinion*

We have audited the consolidated financial statements of Eloro Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, 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 material accounting policy information.

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, 2024 and 2023, 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.

### *Key Audit Matters*

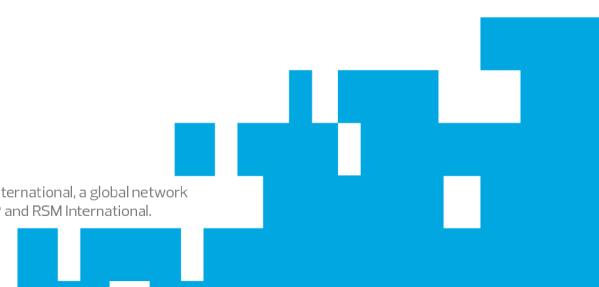
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Evaluation of Impairment Indicators of Mineral Properties

Refer to consolidated financial statements Note 3 - Summary of material accounting policy information and future changes and Note 7 - Exploration and evaluation

The carrying value of the Company's mineral properties is \$53,817,093 as at March 31, 2024. At each reporting period, management assesses whether there is an indication that mineral properties are impaired. If such indicators exist, the asset's recoverable amount is estimated. Impairment indicators include internal and external factors, such as (i) evidence indicating that the Company's right to explore the area has expired or will expire in the near future, (ii) management does not have any plans to continue exploration expenditures, (iii) lack of evidence to support technical feasibility or commercial viability, and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. Management identified impairment indicators for the Company's La Victoria property and recognized an impairment loss for the year ended March 31, 2024. No impairment indicators were identified by management as at March 31, 2024 related to the Iska Iska property.

We considered this a key audit matter due to the significance of the mineral properties in the consolidated financial statements and the level of auditor judgement required in applying and evaluating the results of audit procedures to assess the factors considered by management in its assessment of impairment indicators.



## How our audit addressed the Key Audit Matter

Our audit procedures included the following, among others:

- For a sample of claims we obtained, by reference to government registries, evidence to support the right to explore the area and claim expiration dates;
- Obtained a legal opinion that certain properties are in good standing and the Company has a right to explore the area;
- Evaluated management's assumptions related to continued and planned expenditures, which included evaluating the results of current year work programs and inspecting board meeting minutes and budget approvals to evidence continued and planned exploration expenditures; and
- Assessed whether there are facts and circumstances that could indicate that the carrying value of the exploration and evaluation assets may not be recoverable, based on evidence obtained in other areas of the audit.

## *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 we do 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 identified above 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 a 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2, 2024

Toronto, Ontario

# Eloro Resources Ltd.

## Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	Notes	As at March 31,	
		2024	2023
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		3,416,489	8,807,265
Receivables		191,478	517,030
Marketable securities	4	638,915	20,700
Prepaid expenses		538,697	740,354
		4,785,579	10,085,349
Right-of-use asset	5	121,963	166,313
Option payment advance	6	635,660	635,660
Exploration and evaluation	7 and 16	53,817,093	47,605,586
		59,360,295	58,492,908
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	13 and 16	2,313,734	1,698,403
Current portion of lease liability	8	45,771	42,636
		2,359,505	1,741,040
Lease liability	8	88,178	133,951
		2,447,683	1,874,990
<b>Shareholders' equity</b>			
Share capital	9	94,157,161	86,396,762
Warrants		5,831,320	3,671,122
Contributed surplus		21,964,116	14,801,396
Foreign currency reserve		447,665	229,946
Deficit		(65,487,650)	(48,481,308)
		56,912,612	56,617,918
		59,360,295	58,492,908
<b>Commitments and contingencies</b>		14	
<b>Subsequent events</b>		16	

Approved by the Board:

Thomas Larsen  
Director

Francis Sauve  
Director

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

(expressed in Canadian dollars)

	Notes	Years ended March 31,	
		2024	2023
		\$	\$
<b>Expenses</b>			
Professional fees		242,431	404,261
Consulting fees	13	568,520	500,150
Financing bonus	13	-	482,710
Stock-based compensation	9	7,162,720	4,474,118
Investor relations and marketing	13	1,442,477	1,454,306
General and office		610,487	523,114
Travel		235,908	260,319
Depreciation	5	44,350	44,350
Accretion of interest	8	9,437	11,900
Foreign exchange loss		51,883	164,966
Gain on sale of marketable securities	4	(25,351)	-
Fair value adjustment on marketable securities	4	202,201	(3,450)
Impairment of exploration and evaluation	7	6,744,107	41,848
Refundable tax credit notices of assessment paid (recovered)	10	-	(142,806)
Other income		(282,828)	(228,284)
		17,006,342	7,987,502
<b>Loss for the year</b>		(17,006,342)	(7,987,502)
<b>Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax)</b>			
Currency translation adjustment		217,719	83,233
<b>Comprehensive loss for the year</b>		(16,788,623)	(7,904,269)
<b>Loss per share - basic and diluted</b>		(0.22)	(0.11)
<b>Weighted average number of shares outstanding - basic and diluted</b>		76,107,773	69,707,332

# Eloro Resources Ltd.

## Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Share capital \$ (note 9)	Warrants \$ (note 9)	Contributed Surplus \$ (note 9)	Foreign currency reserve \$	Deficit \$	Total \$
<b>Balance, March 31, 2023</b>	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 compensation warrants issued	(145,861)	145,861	-	-	-	-
Private placement of units	3,850,000	-	-	-	-	3,850,000
Fair value of warrants issued	(2,014,337)	2,014,337	-	-	-	-
Share issue costs	(831,935)	-	-	-	-	(831,935)
Stock-based compensation	-	-	7,162,720	-	-	7,162,720
Other comprehensive income for the year	-	-	-	217,719	-	217,719
Loss for the year	-	-	-	-	(17,006,342)	(17,006,342)
<b>Balance, March 31, 2024</b>	94,157,161	5,831,320	21,964,116	447,665	(65,487,650)	56,912,612
<b>Balance, March 31, 2022</b>	57,613,920	8,889,045	10,502,025	146,713	(40,493,806)	36,657,897
Bought deal financing	20,694,627	-	-	-	-	20,694,627
Fair value of warrants issued	(3,395,000)	3,395,000	-	-	-	-
Fair value of compensation warrants issued	(287,000)	287,000	-	-	-	-
Exercise of warrants	4,355,031	-	-	-	-	4,355,031
Fair value of exercised warrants	2,123,043	(2,123,043)	-	-	-	-
Fair value of expired warrants	6,776,880	(6,776,880)	-	-	-	-
Exercise of stock options	257,500	-	-	-	-	257,500
Fair value of exercised stock options	174,747	-	(174,747)	-	-	-
Share issue costs	(1,916,985)	-	-	-	-	(1,916,985)
Stock-based compensation	-	-	4,474,118	-	-	4,474,118
Other comprehensive income for the year	-	-	-	83,233	-	83,233
Loss for the year	-	-	-	-	(7,987,502)	(7,987,502)
<b>Balance, March 31, 2023</b>	86,396,762	3,671,122	14,801,396	229,946	(48,481,308)	56,617,918

# Eloro Resources Ltd.

## Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended March 31,	
	2024	2023
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the year	(17,006,342)	(7,987,502)
Items not affecting cash		
Depreciation	44,350	44,350
Accretion of interest	9,437	11,900
Stock-based compensation	7,162,720	4,474,118
Gain on sale of marketable securities	(25,351)	-
Unrealized (gain) loss on marketable securities	202,201	(3,450)
Impairment of exploration and evaluation	6,744,107	41,848
Changes in non-cash operating working capital		
Receivables	325,552	(200,593)
Prepaid expenses	201,657	(215,629)
Accounts payable and accrued liabilities	(79,352)	21,281
	<u>(2,421,021)</u>	<u>(3,813,678)</u>
<b>Financing activities</b>		
Interest paid on lease liabilities	(9,437)	(11,900)
Repayment of lease liabilities	(42,638)	(39,685)
Bought deal financing	6,902,532	20,694,627
Private placement of units	3,850,000	-
Share issue costs	(831,935)	(1,916,985)
Exercise of warrants	-	4,355,031
Exercise of stock options	-	257,500
	<u>9,868,522</u>	<u>23,338,587</u>
<b>Investing activities</b>		
Purchase of marketable securities	(901,945)	-
Proceeds on sale of marketable securities	106,881	-
Option payment advance	-	(384,780)
Exploration and evaluation	(12,260,932)	(19,853,375)
	<u>(13,055,996)</u>	<u>(20,238,155)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,608,495)</b>	<b>(713,246)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>8,807,265</b>	<b>9,437,277</b>
<b>Currency translation adjustment</b>	<b>217,719</b>	<b>83,233</b>
<b>Cash and cash equivalents, end of year</b>	<b>3,416,489</b>	<b>8,807,265</b>
<b>Supplementary information</b>		
Income taxes paid	-	-

# **Eloro Resources Ltd.**

## **Notes to Consolidated Financial Statements**

### **March 31, 2024 and 2023**

(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 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, 2024.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 2, 2024.

##### **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 is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired. During the year ended March 31, 2024, the Company determined that there were indicators of impairment on the Company's La Victoria property due to a lack of budgeted or planned substantive expenditures and insufficient data to support the technical feasibility or commercial viability of the property. As a result, the Company determined that the carrying amount is unlikely to be recovered and recorded an impairment charge on the La Victoria property (see note 7).

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

#### *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, 2024, for vesting milestone (c) due to the inability to assess the likelihood of vesting. See note 9.

#### *Deferred taxes*

Deferred income tax assets are recorded to the extent that it is probable that the deductible temporary differences will be recoverable in future periods. The recoverability assessment involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable earnings, the availability of taxable profits to offset the tax assets when the reversal occurs and the application of tax laws. There are some transactions for which the ultimate tax determination is uncertain. To the extent that assumptions used in the recoverability assessment change, there may be a significant impact on the consolidated financial statements of future periods.

### **3. Material accounting policy information and future accounting changes**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

#### *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.

# **Eloro Resources Ltd.**

## **Notes to Consolidated Financial Statements**

### **March 31, 2024 and 2023**

(expressed in Canadian dollars)

#### **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, receivables, 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. Receivables are classified at amortized cost. Marketable securities are classified at fair value through profit and loss.

Financial liabilities include accounts payable and accrued liabilities and lease liabilities which are initially measured at fair value and subsequently 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, expenses 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.

#### **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 and not amortized. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs and pre-exploration costs excluding acquisition costs, are expensed when incurred.

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 of 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, 2024 and 2023, the Company had no property, plant and equipment.

# **Eloro Resources Ltd.**

## **Notes to Consolidated Financial Statements**

### **March 31, 2024 and 2023**

(expressed in Canadian dollars)

#### ***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. Impairment indicators include internal and external factors, such as (i) evidence that the Company's right to explore the area has expired or will expire in the near future; (ii) management does not have any plans to continue exploration expenditures; (iii) lack of evidence to support technical feasibility or commercial viability; and (iv) facts and circumstances that suggest that the carrying amount exceeds recoverable amount. The Company identified impairment indicators for the Company's La Victoria property and recognized an impairment loss for the year ended March 31, 2024 (see note 7). 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 ("FVLCD"). 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.

#### **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, 2024 and 2023, 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.

# **Eloro Resources Ltd.**

## **Notes to Consolidated Financial Statements**

### **March 31, 2024 and 2023**

(expressed in Canadian dollars)

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, 2024 and 2023.

#### **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.

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.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

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 stock options, restricted share units and warrants. For the years ended March 31, 2024 and 2023, outstanding stock options, restricted share units and warrants are anti-dilutive.

#### 4. Marketable securities

During the year ended March 31, 2024, the Company purchased 2,233,000 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 March 31, 2024, the Company holds 2,033,000 common shares (March 31, 2023 – nil) of Cartier with a fair value of \$599,735 (March 31, 2023 - nil).

#### 5. Right-of-use asset

	March 31, 2024	March 31, 2023
	\$	\$
Right-of-use asset, beginning of year	221,751	221,751
Additions	–	–
<b>Right-of-use asset, end of year</b>	<b>221,751</b>	<b>221,751</b>
Accumulated depreciation, beginning of year	55,438	11,088
Depreciation	44,350	44,350
<b>Accumulated depreciation, end of year</b>	<b>99,788</b>	<b>55,438</b>
<b>Balance, March 31</b>	<b>121,963</b>	<b>166,313</b>

#### 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 March 31, 2024, the Company has made installment payments of US\$500,000 (2023 - US\$500,000) on account of the option.

#### 7. Exploration and evaluation

	March 31, 2023	Acquisition costs	Exploration	Impairment	March 31, 2024
	\$	\$	\$	\$	\$
<b>Property</b>					
Iska Iska	41,154,804	889,920	11,772,369	–	53,817,093
La Victoria	6,450,782	–	300,123	(6,750,905)	–
Other	–	–	(6,798)	6,798	–
	<b>47,605,586</b>	<b>889,920</b>	<b>12,065,694</b>	<b>(6,744,107)</b>	<b>53,817,093</b>

	March 31, 2022	Acquisition costs	Exploration	Impairment	March 31, 2023
	\$	\$	\$	\$	\$
<b>Property</b>					
Iska Iska	20,996,092	1,855,820	18,302,893	–	41,154,804
La Victoria	6,142,164	–	308,617	–	6,450,782
Other	–	–	41,848	(41,848)	–
	<b>27,138,256</b>	<b>1,855,820</b>	<b>18,653,358</b>	<b>(41,848)</b>	<b>47,605,586</b>

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

#### 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 exploration and development, issue common shares, and make option payments, 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	—
April 30, 2024 (paid)(note 16, <i>Subsequent event</i> )	—	—	500,000
May 30, 2025	—	—	1,000,000
July 6, 2025 (US\$5,050,000 paid)	—	—	8,500,000
	500,000	975,000	10,000,000

The final Option payment of US\$8,500,000, originally due by January 6, 2024, was extended to July 6, 2024 and then on March 12, 2024, by mutual agreement, the schedule for the Option payments was further amended whereby the Company agreed to pay US\$500,000 by April 30, 2024 (paid, see note 16), US\$1,000,000 by May 30, 2025 and US\$8,500,000 by July 6, 2025. As at March 31, 2024, the Company had made Option payments of US\$5,050,000 (2023 - \$4,400,000).

On October 14, 2020, the Company staked 9 additional claims covering 311.75 km<sup>2</sup> 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<sup>2</sup>.

On September 28, 2021, 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<sup>2</sup> 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 issuance of 200,000 common shares of the Company. In accordance with the terms of the Option Agreement, if the Mina Casiterita and Mina Hoyada properties cannot be transferred to the Company prior to the final Iska Iska option payment balance date, any expenditures incurred by the Company on the Mina Casiterita and Mina Hoyada properties will be deducted from the Iska Iska option payment balance. As at March 31, 2024, the Company has incurred expenditures of US\$1,816,007 on the Mina Casiterita property. 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).

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 for the delivery of the valuation price for the additional assets to February 29, 2024 and extended the deadline for the Negotiation Period to October 30, 2024, both of which are being renegotiated.

**Eloro Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
 (expressed in Canadian dollars)

**La Victoria, Peru**

The Company owns an 82% interest in La Victoria (2023 - 82%), a gold-silver property covering 6,181.2 hectares (2023 – 8,933 hectares), consisting of 12 concessions: Ccori Orcco 1, Rufina, Rufina N° 2, San Felipe 1, San Markito, Victoria-APB, Romina 02, 03, 04, 05, 06 and 07 mostly 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.

During the year ended March 31, 2024, the Company recognized an impairment loss of \$6,750,905 on its La Victoria exploration property, which was recorded in the statement of loss and comprehensive loss. No further exploration or evaluation activities are budgeted or planned for La Victoria. As a result, the Company determined that the carrying amount of the asset of \$6,750,905, would not be recovered and that the recoverable amount is nil.

***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 liability**

	\$
Balance, March 31, 2022	216,274
Accretion of interest	11,898
<u>Lease payments</u>	<u>(51,585)</u>
Balance, March 31, 2023	176,587
Accretion of interest	9,437
<u>Lease payments</u>	<u>(52,075)</u>
Balance, March 31, 2024	133,949
Current portion of lease liabilities	45,771
<u>Long-term lease liabilities</u>	<u>88,178</u>
	133,949

The lease for premises is a joint and several commitment with Cartier Silver Corporation, a company which owns 2,400,000 common shares of the Company at March 31, 2024 (2023 – 2,315,000) and has three directors who are also directors of the Company.

The remaining lease term is 2.75 years.

**Eloro Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
 (expressed in Canadian dollars)

**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**

	<b>Number of common shares</b>	<b>Amount \$</b>
Balance, March 31, 2022	63,805,807	57,613,920
Bought deal financings	6,474,240	20,694,627
Fair value of warrants issued		
Unit	–	(3,395,000)
Compensation	–	(287,000)
Share issue costs	–	(1,916,985)
Exercise of warrants	3,837,823	4,355,031
Fair value of exercised warrants	–	2,123,043
Fair value of expired warrants	–	6,776,880
Exercise of stock options	465,000	257,500
Fair value of exercised stock options	–	174,747
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 placements of units	3,079,365	3,850,000
Fair value of warrants issued	–	(1,142,759)
Share issue costs	–	(115,103)
Balance, March 31, 2024	79,853,515	94,157,161

**Private placement of units**

On March 27, 2024, the Company completed a private placement of 3,000,000 units at a price of \$1.20 per unit for gross proceeds of \$3,600,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of \$2.00, with the expiry date of each warrant being the date which is the earlier of: (a) March 27, 2026; or (b) two business days after completion of a change of control of the Company, provided that, in the event that the volume-weighted average trading price of the common shares on the Toronto Stock Exchange is at least \$3.00 per share for a period of five consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not fewer than 30 days after the date of issuance by the Company of a press release disclosing the occurrence of the triggering event. In connection with the financing, the Company incurred share issuance costs of \$115,103.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

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

	<b>Unit warrants</b>
Issue date	March 27, 2024
Expiry date	March 27, 2026
Warrants issued	3,000,000
Exercise price	\$2.00
Share price	\$1.39
Risk-free interest rate	4.13%
Expected volatility based on historical volatility	65%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	\$1,111,313
Fair value per warrant	\$0.37

#### 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 unit warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	<b>Unit warrants</b>
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

#### 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. In connection with the financing, the Company incurred share issuance costs of \$302,680.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

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

	<b>Unit warrants</b>	<b>Compensation warrants</b>
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

#### **Bought deal financing**

On January 27, 2023, the Company completed a bought deal financing of 3,466,530 units of at a price of \$3.15 per unit for gross proceeds of \$10,919,570. Each unit consisted of one common share and one-half of one warrant, with each of the 1,733,265 whole warrants entitling the holder to purchase one common share for \$4.25 until January 27, 2025. In connection with the financing, the Company paid a cash commission of \$655,174, representing 6% of the gross proceeds of the financing. Two directors subscribed for 46,800 units for gross proceeds of \$147,420.

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

	<b>Unit warrants</b>
Issue date	January 27, 2023
Expiry date	January 27, 2025
Warrants issued	1,733,265
Exercise price	\$4.25
Share price	\$3.11
Risk-free interest rate	3.68%
Expected volatility based on historical volatility	90%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	\$1,488,000
Fair value per warrant	\$0.85

#### **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.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

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	May 19, 2022	May 19, 2022
Expiry date	May 19, 2024	May 19, 2024
Warrants issued	1,503,855	180,462
Exercise price	\$4.75	\$3.25
Share price	\$3.25	\$3.25
Risk-free interest rate	2.7%	2.7%
Expected volatility based on historical volatility	90%	90%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	\$1,907,000	\$287,000
Fair value per warrant	\$1.27	\$1.59

#### Warrants

A summary of the Company's common share warrants outstanding at March 31, 2024 is presented below:

	Weighted-average exercise price	Number of warrants
	\$	
Balance, March 31, 2022	3.07	7,464,441
Issued	4.42	3,417,582
Exercised	1.13	(3,837,823)
Expired	5.11	(3,626,618)
Balance, March 31, 2023	4.42	3,417,582
Issued	2.63	4,266,798
Balance, March 31, 2024	3.43	7,684,380

A summary of the Company's common share warrants outstanding at March 31, 2024 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
\$2.00	March 27, 2026	3,000,000
		7,684,380

#### 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.

**Eloro Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
 (expressed in Canadian dollars)

**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*

7,985,351 stock options

*Outstanding*

A summary of the Company's stock options outstanding and exercisable at March 31, 2024 is presented below:

	<b>Weighted-average exercise price</b>	<b>Number of stock options outstanding and exercisable</b>
		\$
Balance, March 31, 2022	2.57	5,015,000
Granted	3.61	1,250,000
Exercised	0.55	(465,000)
Balance, March 31, 2023	2.95	5,800,000
Granted	1.53	350,000
Expired	0.70	(35,000)
Balance, March 31, 2024	2.88	6,115,000

The common share price when the stock options were exercised during the year ended March 31, 2023, was in the range of \$3.84 - \$4.71.

A summary of the Company's stock options outstanding at March 31, 2024 is presented below:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of stock options outstanding and exercisable</b>
\$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

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

#### 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	May 30, 2022	June 6, 2022	August 3, 2022	February 2, 2023	November 22, 2023
Expiry date	May 30, 2027	June 6, 2027	August 3, 2027	February 2, 2028	November 22, 2028
Stock options granted	100,000	750,000	150,000	250,000	350,000
Exercise price	\$3.42	\$3.59	\$4.32	\$3.30	\$1.53
Share price	\$3.42	\$3.59	\$4.32	\$3.30	\$1.46
Risk-free interest rate	2.66%	3.09%	2.85%	2.92%	3.76%
Expected volatility based on historical volatility	86%	74%	87%	86%	84%
Expected life of stock options	5 years				
Expected dividend yield	0%	0%	0%	0%	0%
Forfeiture rate	0%	0%	0%	0%	0%
Vesting	On date of grant				
Fair value	\$234,000	\$1,853,000	\$449,000	\$568,000	\$345,116
Fair value per stock option	\$2.34	\$2.47	\$2.99	\$2.27	\$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.

A summary of the number of the Company's restricted share units outstanding at March 31, 2024 is presented below:

	Vested	Unvested	Total
Balance, March 31, 2022	–	2,350,000	2,350,000
Granted	–	1,050,000	1,050,000
Balance, March 31, 2023	–	3,400,000	3,400,000
Vested	2,016,667	(2,016,667)	–
Balance, March 31, 2024	2,016,667	1,383,333	3,400,000

There are no deferred share units or performance units outstanding.

##### Grant of restricted share units

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 year ended March 31, 2024, 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 March 31, 2024, due to inability to assess likelihood of vesting.

**Eloro Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
 (expressed in Canadian dollars)

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 year ended March 31, 2024, stock-based compensation for the restricted share units was \$897,500 (2023 - \$1,371,181).

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) and as a result for the year ended March 31, 2024, the Company recognized \$640,000 of stock-based compensation expense for the 200,000 vested restricted share units. No related expense has been recognized for milestone (c) as of March 31, 2024, due to inability to assess likelihood of vesting.

**10. 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% (2023 - 26.5%) to the pre-tax net loss for the year. The reasons for the difference are as follows:

	As at March 31, 2024	2023
	\$	\$
Income tax recovery based on statutory rate	(4,506,681)	(2,116,688)
Change in deferred income tax assets not recognized	2,696,787	1,198,458
Stock-based compensation	1,898,121	1,185,641
Impairment of exploration and evaluation	-	11,090
Other	(88,227)	(278,501)
	-	-

**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% (2023 - 26.5%), which is the effective rate when they are expected to be realized and are as follows:

Asset	As at March 31, 2024	2023
Asset	\$	\$
Exploration and evaluation	2,056,244	435,704
Non-capital loss and capital loss carryforward	5,869,286	4,708,968
Share issuance costs	648,887	744,850
Other	69,390	57,497
	8,643,807	5,947,019
Deferred tax assets not recognized	(8,643,807)	(5,947,019)
	-	-

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

#### **Losses carried forward**

At March 31, 2024, 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	2,938,000
2043	4,615,000
2044	4,129,000
	<hr/> 21,994,000

#### **Resource deductions**

At March 31, 2024, the Company has cumulative Canadian exploration expenses of \$1,402,000 (2023 - \$1,402,000), cumulative Canadian development expenses of \$630,000 (2023 - \$630,000), cumulative foreign resource expenses of \$11,796,000 (2023 - \$5,077,000) and cumulative Canadian oil and gas property expenditures of \$406,000 (2023 - \$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 filed notices of objection with respect to the Notices and at March 31, 2022, it was not possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount was recorded as a liability at March 31, 2022. Pending resolution of the Notices, the Company made payments of \$5,000 per month to Revenu Québec. For the year ended March 31, 2023, the Company made payments of \$20,000 (2022 - \$60,000) which were recorded as refundable tax credit notices of assessment paid in the consolidated statement of loss and comprehensive loss.

On June 28, 2022, the Company received the decision from Revenu Québec with respect the Notices. 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.

On August 5, 2022, the Company received notices of reassessment from Revenu Québec with respect to the Notices and the Company received a refund of \$142,806 which were recorded as refundable tax credit notices of assessment recovered in the consolidated statement of loss and comprehensive loss.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

#### 11. 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. The carrying value of cash and cash equivalents, receivables, and accounts payable and accrued liabilities and lease liabilities is considered representative of their respective fair values due to the short-term period 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.

#### 12. 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 and lease 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, 2024 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$63,892.

# Eloro Resources Ltd.

## Notes to Consolidated Financial Statements

### March 31, 2024 and 2023

(expressed in Canadian dollars)

The Company retains substantially all of its cash with its parent in Canadian dollars until US dollars are required by its foreign subsidiaries. Expenses are incurred in Canadian dollars and US dollars. The Company is subject to gains and losses due to fluctuations in these currencies. At March 31, 2024, a 10% change in the US dollar exchange rate would affect net and comprehensive loss and deficit by \$122,148.

#### **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.

### **13. 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:

	<b>Years ended March 31,</b> <b>2024</b>	<b>Outstanding at March 31,</b> <b>2024</b>	<b>Outstanding at March 31,</b> <b>2023</b>
	\$	\$	\$
Exploration and evaluation consulting fees	180,000	185,000	19,999
Consulting fees	450,000	439,500	15,493
Investor relations	150,000	147,500	—
Bonus	—	360,000	—
Stock-based compensation	4,382,566	—	—
	5,162,566	1,132,000	35,492
			31,835

See note 4 for marketable securities related party transactions, note 9 for details of units acquired by directors and stock options and restricted share units granted to directors and officers and note 8 and 16 for other related party transactions.

### **14. 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\$463,332, of which, the Company is obligated to pay US\$364,088 to BDM upon recovery. The remaining IGV of US\$99,245 has been included in exploration and evaluation which has been written off during the year ended March 31, 2024 (see note 7).

**Eloro Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
(expressed in Canadian dollars)

**15. 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 Peru and Bolivia:

<b>Location of non-current assets</b>	<b>\$</b>
Bolivia	53,817,093
Peru	—
	<b>53,817,093</b>

**16. Subsequent events**

**Iska Iska option payment advance**

Subsequent to March 31, 2024, the Company made an instalment payment of US\$500,000 on account of the Iska Iska option. At July 2, 2024, the Company has made instalment payments of US\$5,550,000 on account of the Iska Iska option.

**Settlement of accounts payable**

Subsequent to March 31, 2024, the Company entered into a memorandum of understanding to settle accounts payable of \$519,312 (US\$379,171) owed by the Company and \$50,776 (US\$37,073) owed by Cartier through the issuance of 441,929 common shares at a price of \$1.29 per common share. The amount owed by Cartier is due to the Company and is unsecured, non-interest bearing, and payable on demand.