XALI GOLD CORP

Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise noted)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xali Gold Corp.

Opinion

We have audited the consolidated financial statements of Xali Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' deficit, 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 financial position of the Company as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IFRS").

Basis for Opinion

We conducted our audits 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 audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has not generated any revenues from operations and incurred negative cash flow from operations of $65,375 during the year ended March 31, 2025 and, as of that date, has a working capital deficit of $3,006,668 and an accumulated deficit of $35,111,223. These events or conditions along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 2025. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the independent auditor's report, we have determined in the following matters described below to be key audit matters to be communicated in our independent auditor's report:

<u>Recognition and assessment of asset retirement obligation</u>

Description of the matter

As described in Note 5 of the consolidated financial statements, the Company recorded an asset retirement obligation of $91,900 as at March 31, 2025. The recognition and accounting of asset retirement obligation requires management to exercise significant judgment with respect to estimates of future reclamation and remediation costs that the Company will be required to complete as part of the laws and regulations.

Why the matter is a key audit matter

The determination of the asset retirement obligation requires significant management judgment with respect to the estimated future costs for remediation and the uncertainty as to the actual amount and timing of the future obligation to the Company. This leads to a higher degree of judgment within the audit, and additional effort in performing the necessary audit procedures to assess and evaluate audit evidence available to ascertain the completeness and accuracy of asset retirement obligation as at March 31, 2025.

How the matter was addressed in the audit

The audit procedures that were performed on the key audit matter included, but was not limited, to the following:

- evaluating, assessing, and testing the assumptions, estimates, and judgments that have been applied by management with respect to the determining the carrying value of the asset retirement obligation as at March 31, 2025;
- evaluating and assessing the objectivity and competence of the specialist employed by management to determine the future cost estimates, and ensuring that the specialist maintained his independence; and
- assessing the appropriateness of the cost estimates and changes from the previous fiscal year to ensure all changes are appropriately supported.

Impairment of equipment

Description of the matter

As noted in Note 5 of the consolidated financial statements, the Company recorded an impairment loss of $615,583 for a processing plant located in Mexico. The recognition of the impairment loss requires management to exercise judgement with respect to future cash flows to be generated by a cash-generating unit.

Why the matter is a key audit matter

The recognition of an impairment loss on a non-current asset requires management judgement with respect to future cash flows to be generated by each cash-generating unit, of which the future cash flows are uncertain and subject to future market and economic factors that are unknown and outside of the control of management.

How the matter was addressed in the audit

The audit procedures that were performed on the key audit matter included, but was not limited to, the following:

- reviewing management's assessment of impairment on each cash-generating unit and assessing the completeness and accuracy of factors considered in their impairment analysis;
- reviewing market and economic factors that could impact the future cash flows of each cash-generating unit with support from independent, third-party sources; and
- recalculating the expected future cash flow of each cash-generating unit and assessing the appropriateness of the impairment loss.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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, 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. If, based on the work we have performed, 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 IFRS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information for the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

August 15, 2025

Xali Gold Corp.
Consolidated Statements of Financial Position
At March 31, 2025 and 2024
(expressed in United States dollars)

As at	Notes		March 31, 2025		March 31, 2024
Assets					
Current assets					
Cash		$	**38,293**	$	16,299
Amounts receivable			**3,581**		6,997
Prepaid expenses and deposits			**9,845**		9,189
			51,719		32,485
Non-current assets					
Unproven mineral right interests	**4**		**1**		2
Property and equipment	**5**		**-**		628,418
Total non-current assets			**1**		628,420
Total assets		$	**51,720**	$	660,905
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**4,6,8**	$	**2,948,450**	$	5,234,427
Loan payable			**20,000**		20,000
Loans payable to related parties	**8**		**89,937**		25,253
			3,058,387		5,279,680
Non-current liabilities					
Asset retirement obligations	**5**		**91,900**		91,900
Total liabilities			**3,150,287**		5,371,580
Shareholders' deficit					
Share capital	**7**		**25,792,961**		25,682,237
Reserves	**7**		**6,200,695**		5,987,141
Share subscription received	**7**		**19,000**		-
Deficit			**(35,111,223)**		(36,380,053)
Total shareholders' deficit			**(3,098,567)**		(4,710,675)
Total liabilities and shareholders' deficit		$	**51,720**	$	660,905

Nature of operations and going concern	**1**
Subsequent events	**13**

Approved for issuance on behalf of the Board of Directors on August 15, 2025

(signed) Larry Kornze	**(signed) George Elliott**
Director	**Director**

The accompanying notes are an integral part of these consolidated financial statements.

Xali Gold Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the years ended March 31, 2025 and 2024
(expressed in United States dollars)

	Notes	Year ended March 31, 2025	2024
Expenses			
Exploration expenses	**10**	**$ 864,701**	$ 505,414
General and administrative expenses	**4,10**	**411,681**	418,023
		1,276,382	923,437
Other expenses (income)			
Gain on settlement of debt		**(3,547)**	(4,121)
Impairment of property and equipment	**5**	**615,583**	-
Loss (gain) on foreign exchange	**4**	**(748,862)**	156,816
Other expense (income)		**1,722**	(34,527)
Recovery on impairment	**7**	**(150,000)**	(98,819)
Write-off of mining fees	**4**	**(2,260,108)**	-
Total other expenses (income)		**(2,545,212)**	19,349
Net income (loss) for the year		**$ 1,268,830**	$ (942,786)
Other comprehensive income (loss)			
Foreign currency translation		**96,246**	(13,100)
Comprehensive income (loss) for the year		**$ 1,365,076**	$ (955,886)
Earnings (loss) per share, basic and diluted		**$ 0.01**	$ (0.01)
Weighted average number of common shares outstanding, basic and diluted		**142,119,087**	139,394,191

The accompanying notes are an integral part of these consolidated financial statements.

Xali Gold Corp.
Consolidated Statements of Changes in Shareholders' Deficit
For the years ended March 31, 2025 and 2024
(expressed in United States dollars)

	Share capital		Reserves						
	Total common shares	**Share capital**	**Equity settled employee compensation and warrants**	**Other reserve**	**Foreign currency reserve**	**Total reserves**	**Share subscription received**	**Deficit**	**Total**
Balance, March 31, 2023	139,230,311	$ 25,673,260	$ 6,065,047	$ 52,046	$ (124,724)	5,992,369	$ -	$ (35,437,267)	$ (3,771,638)
Shares issued for property	100,000	2,934	-	-	-	-	-	-	2,934
Shares issued for services	159,529	6,043	-	-	-	-	-	-	6,043
Share-based payments	-	-	7,872	-	-	7,872	-	-	7,872
Net loss for the year	-	-	-	-	-	-	-	(942,786)	(942,786)
Foreign currency translation loss	-	-	-	-	(13,100)	(13,100)	-	-	(13,100)
Balance, March 31, 2024	**139,489,840**	**$ 25,682,237**	**$ 6,072,919**	**$ 52,046**	**$ (137,824)**	**$ 5,987,141**	**$ -**	**$ (36,380,053)**	**$ (4,710,675)**
Proceeds from share subscriptions	-	-	-	-	-	-	19,000	-	19,000
Shares issued for services	2,927,000	107,099	-	-	-	-	-	-	107,099
Shares issued for restricted share units	150,000	3,625	-	(3,625)	-	(3,625)	-	-	-
Fair value of vested restricted share units	-	-	-	7,882	-	7,882	-	-	7,882
Share-based payments	-	-	113,051	-	-	113,051	-	-	113,051
Net income for the year	-	-	-	-	-	-	-	1,268,830	1,268,830
Foreign currency translation gain	-	-	-	-	96,246	96,246	-	-	96,246
Balance, March 31, 2025	**142,566,840**	**$ 25,792,961**	**$ 6,185,970**	**$ 56,303**	**$ (41,578)**	**$ 6,200,695**	**$ 19,000**	**$ (35,111,223)**	**$ (3,098,567)**

The accompanying notes are an integral part of these consolidated financial statements.

Xali Gold Corp.
Consolidated Statements of Cash Flows
For the years ended March 31, 2025 and 2024
(expressed in United States dollars unless otherwise noted)

	Year ended March 31, 2025	2024
Operating activities		
Net income (loss)	$ **1,268,830**	$ (942,786)
Items not affecting cash:		
Foreign exchange	**(642,888)**	(9,925)
Impairment of property and equipment	**615,583**	-
Royalty buyback	**-**	2,934
Share-based payments	**113,051**	7,872
Gain on settlement of debt	**(3,547)**	-
Shares issued for consulting services	**-**	6,043
Write-off of mining fees	**(2,260,108)**	-
Changes in non-cash working capital items:		
Amounts receivable	**3,416**	2,013
Prepaid expenses and deposits	**(320)**	(2,598)
Accounts payable and accrued liabilities	**840,608**	740,992
Net cash used in operating activities	**(65,375)**	(195,455)
Investing activities		
Option payments received	**-**	175,000
Net cash provided by investing activities	**-**	175,000
Financing activites		
Loan received	**-**	3,690
Proceeds received from related party loan	**71,652**	27,396
Repayment of related party loans	**(3,283)**	(31,325)
Proceeds from share subscriptions	**19,000**	-
Net cash provided by (used in) financing activities	**87,369**	(239)
Net change in cash	**21,994**	(20,694)
Cash, beginning of year	**16,299**	37,026
Cash, end of year	$ **38,293**	$ 16,332
Non-cash investing and financing activities:		
Asset retirement obligation	$ **-**	$ 11,547
FV of shares issued for RSU	$ **3,625**	$ -
FV of shares issued for debt settlement	$ **107,099**	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations and going concern

Xali Gold Corp. and its subsidiaries (the "Company") are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporations Act of British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol XGC.V. The Company's office is located at Suite 1100, 1111 Melville Street, Vancouver, BC, Canada, V6E 3V6.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the year ended March 31, 2025, the Company had no revenues, and incurred negative cash flow from operations of $65,375. As at March 31, 2025, the Company has a working capital deficit of $3,006,668, and an accumulated deficit of $35,111,223. The continued operations of the Company are dependent on future profitable operations and the management's ability to manage costs and raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of those adjustments to the consolidated financial statements could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the material accounting policy information set out in Note 3.

3. Material accounting policy information

a. Material accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting estimates and judgments

i. Valuation of share-based payments

When stock options are issued, the Company calculates their estimated fair value using the Black-Scholes valuation model. The Company uses its historical stock prices to determine volatility and historical exercise terms to determine expected lives to arrive at the inputs that are used in the valuation model to calculate the fair value of the stock options.

3. Material accounting policy information (continued)

a. Material accounting estimates and judgments (continued)

Critical accounting estimates and judgments (continued)

ii. Asset retirement obligations

The Company's rehabilitation provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

iii. Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

iv. Unproven mineral right interests and impairment

Unproven mineral right interests consist of the cost of acquiring licenses. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current, and it is considered probable that the costs will be recouped through successful development and exploitation of the area or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of mineral resources. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interests are impaired.

v. Deferred income taxes

The recognition of deferred income tax assets or liabilities is based on management's judgment as to whether it is more likely than not that loss carry forwards can be utilized by the Company in the future.

vi. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates, and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment.

vii. Property and equipment

The carrying amounts of assets included in property and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts are less than the recoverable amounts. Management applies judgment in assessing whether indicators of impairment exist that would necessitate impairment testing or an impairment in the carrying value of property and equipment.

(expressed in United States dollars unless otherwise noted)

3. Material accounting policy information (continued)

b. Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries.

An investor controls an investee when it 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. Inter-company transactions, balances, and income and expenses on transactions between the Company and its subsidiaries are eliminated.

The principal subsidiaries of the Company as at March 31, 2025 and 2024 are as follows:

Subsidiary	Interest	Place of Incorporation	Functional Currency
Candente Mexico Resource Corp.	100%	Canada	CDN Dollars
El Oro (BC) Exploration Inc.	100%	Canada	CDN Dollars
Candente Gold Peru S.A.	100%	Peru	US Dollars
Minera CCM, S.A. de C.V. ("CCM")	100%	Mexico	US Dollars
Minera CCM El Oro Jales S.A. de C.V. ("CCM El Oro Jales")	100%	Mexico	US Dollars
Candente Mexico Servicios S.A. de C.V.	100%	Mexico	US Dollars
Minera Xali Oro S.A. de C.V.	100%	Mexico	US Dollars
Candente Gold Mexico Jales (BVI) Ltd.	100%	BVI	US Dollars
El Oro Jales I (BVI) Ltd.	100%	BVI	US Dollars
El Oro Jales II (BVI) Ltd.	100%	BVI	US Dollars

c. Foreign currency translation

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined to be the United States dollar (“USD”) or Canadian dollar (“CAD”). Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The presentation currency of the Company is the USD. The accounts of group companies with a functional currency other than the USD are translated from their functional currency into USD on consolidation. Items in the consolidated statement of operations are translated using weighted average exchange rates that approximate the exchange rate at the transaction date. Items in the consolidated statement of financial position are translated at the exchange rate at the financial position date. Exchange differences on the translation of the net assets of the entities are recognized in a separate component of equity. On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the consolidated statement of operations.

3. Material accounting policy information (continued)

c. Unproven mineral right interests

The Company capitalizes all costs, net of any recoveries, of acquiring an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property or written off if the rights are disposed of, impaired or abandoned. Exploration costs prior to the discovery of commercially viable reserves and resources are expensed as incurred. Management reviews the carrying amounts of mineral rights interest annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. An indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, or if the entity has decided to discontinue exploration activity in a specific area. Costs include the cash consideration, and the fair value of shares issued on the acquisition of mineral rights interest. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the costs of the related mineral rights interest, with any excess being included in the consolidated statement of operations.

d. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property and equipment are depreciated over their estimated useful lives on a straight-line basis over their estimated useful lives, at the following rates: 3 to 10 years for equipment.

An item is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of operations.

The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

e. Asset retirement obligations

Asset retirement obligations encompass legal, statutory, contractual, or constructive obligations associated with the retirement of a long-lived tangible asset (for example, final mill closure or site reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The present value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value.

3. Material accounting policy information (continued)

e. Asset retirement obligations (continued)

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date the cost is charged to the consolidated statement of operations.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against the consolidated statement of operations as extraction progresses.

f. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”), or at amortized cost. The financial instruments are initially measured at fair value. The Company determines the classification of financial instruments at initial recognition based on the business model in which they are held and the characteristics of their contractual cash flows.

The following is the Company’s accounting policy for financial instruments under IFRS 9:

Financial Assets	
Cash	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Loans payable to related parties	Amortized cost

(ii) Measurement

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or does not meet the criteria to be measured at amortized cost or at FVOCI. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they are not designated at FVTPL, and the following conditions are met:

- are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policy information (continued)

f. Financial Instruments (continued)

(ii) Measurement (continued)

Financial assets at FVOCI

Financial assets are measured at fair value through other comprehensive income only if they are not designated at FVTPL, and the following conditions are met:

- it has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, unless they are required or opted to be measured at FVTPL.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

3. Material accounting policy information (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize, in the consolidated statement of operations, an impairment gain or loss, and the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial instruments only when the contractual rights to cash flows and contractual obligation expires, and substantially all of the associated risks and rewards of ownership to another entity. The Company also derecognizes a financial instruments when the terms are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial instrument based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the consolidated statement of operations.

h. Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred income 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. Changes in deferred income tax assets or liabilities are recognized as a component of tax income or expense in the consolidated statement of operations except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred income tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. .

3. Material accounting policy information (continued)

i. Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued for goods or services, the share-based payment is measured at the fair value of the goods and services received. Where the fair value of the goods and services received cannot be reliably estimated, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

j. Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending upon the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued using the residual value method and are included in equity with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transaction cost are accounted for as share-based payments.

k. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

3. Material accounting policy information (continued)

l. Impairment of non-financial assets

At each date of the consolidated statement of financial position or whenever the facts and circumstances indicate that the asset may exceed its recoverable amount, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated statement of operations, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

m. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years ended March 31, 2025 and 2024, this calculation provides to be anti-dilutive. As at March 31, 2025, the Company has 12,325,000 (2024 – 8,725,000) potentially dilutive shares outstanding.

n. Future accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2025, and have not been early adopted in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

(expressed in United States dollars unless otherwise noted)

3. Material accounting policy information (continued)

n. Future accounting standards (continued)

Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's consolidated financial statements.

4. Unproven mineral right interests

As at March 31, 2025 and 2024, the Company's capitalized unproven mineral right interests costs are as follows:

		March 31, 2025		March 31, 2024
Mexican Properties				
El Oro - Hardrock	**$**	**-**	$	1
Peruvian Properties		**1**		1
Closing balance	**$**	**1**	$	2

Mexican Properties:

<u>*El Oro – Hardrock*</u>

On May 5, 2006, the Company acquired a 70% interest in the El Oro Project ("El Oro") from Goldcorp Mexico S.A. de CV in exchange for 2,125,000 common shares (issued) and $7,500,000 of exploration expenditures before November 30, 2013 (completed). On January 31, 2017, the Company acquired the remaining 30% interest in El Oro from Desarrollos Mineros San Luis, S.A. de C.V. ("DMSL"), a subsidiary of Newmont Corp. (formerly Goldcorp Inc.) ("Newmont"). As consideration for the acquisition of the remaining 30% interest, the Company issued an aggregate of 5,000,000 common shares of the Company with a fair value of $1,343,305. The property consists of twenty-six claims and is subject to two 3% net smelter return ("NSR") royalty agreements.

Commencing in January 2017, with the Company's acquisition of the remaining 30% of the interest in El Oro, the bi-annual land holding payments previously made by Newmont reverted to the Company. As at March 31, 2025, the Company owed $1,216,532 (2024 - $3,388,953) of outstanding mining fees to the Mexican Mining Bureau ("MMB"). Prior to the year ended March 31, 2025, two mining concessions comprising approximately 76% of the fees due for the total property were cancelled by the MMB. As a result of these cancellations and the fact that the Company will not legally challenge them, the Company wrote off outstanding mining fees of $2,260,108 related to these cancelled concessions.

During the year ended March 31, 2019, the Company recorded an impairment loss of $7,932,689 resulting in the carrying value of $1. During the year ended March 31, 2025, the Company recorded an impairment loss of $1 as the Company has not performed any exploration programs on El Oro in the past six fiscal years. Subsequent to March 31, 2025, the Company was advised that the MMB had cancelled an additional seven mining concessions in El Oro.

4. Unproven mineral right interests (continued)

Mexican Properties (continued):

El Oro – Mine Tailings Project

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro (“Municipality”) that provides the Company with the access and reprocessing rights to tailings deposits in El Oro, Mexico (the “Tailings Project”). Under the terms of the agreement, the Company will clean up currently unusable municipal land where the tailings were placed historically and will pay an 8% net profits interest (“NPI”) royalty to the Municipality on any products produced from the tailings material. The Company is entitled to retain the first $1,500,000 of the 8% NPI payable to the Municipality.”

Agreement with Kappes, Cassiday & Associates (“KCA”)

On April 15, 2024, the Company signed a binding Letter of Intent to enter into a Purchase Agreement (the “LOI Agreement”) KCA on the Mexican Mine Tailings Reprocessing Project at El Oro (the “El Oro Tailings Project”) in Mexico.

In order to earn 100% interest in the El Oro Tailings Project, KCA has agreed to pay the Company:

(i) $150,000 within six months after signing the LOI Agreement; (received) and

(ii) Royalty payments of at least $50,000 every six months beginning six months after the initial $100,000 payment. (refer to Note 13(b)).

Once production begins, KCA will pay the Company a gross royalty equal to 4% of the sales income ("NSR") received from the gold and silver produced from the El Oro Tailings Project, less any royalties due and payable to others, but in no case less than a 3% gross royalty.

KCA has the right at any time to buy a 1% royalty from the Company for $1,000,000, which would lower the NSR from 4% to 3% of the sales income received from the gold and silver produced from the Project, less any royalties due and payable to others, but in no case less than a 2% royalty.

KCA is to make minimum royalty payments of $50,000 every six months commencing six months from signing the LOI agreement, until a total royalty payment of $1,000,000 has been paid to the Company, royalty payments on production will continue past that point.

KCA will also be obligated to pay the Municipality of El Oro an 8% Net Profits Interest (“NPI”) on production from the Tailings or renegotiate this with the Municipality, and the Company has the right to receive the first $1,500,000 from the Municipality of El Oro’s 8% NPI.

4. Unproven mineral right interests (continued)

Agreement with Remedioambiente S.A. de C.V. ("Remedioambiente")

On January 28, 2025, the Company signed a definitive agreement (the "Agreement") with Remedioambiente. granting them the exclusive right to explore and extract gold, silver and any other economic minerals that may be found above the 2,400 meter level in five mining concessions, El Carmen, El Oro VII, Dos Estrellas 77 Fracc.1, Dos Estrellas 77 and Dos Estrellas 77 Fracc. II ("El Oro 5 Concessions") in exchange for payment of a 3% Net Smelter Return ("NSR") to the Company on all gold and silver recovered by Remedioambiente.

The Agreement has a term of five years which may be extended for an additional five years providing the Company is receiving minimum benefits totaling $1,000,000 per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2,400 meter level.

As part of the Agreement, Remedioambiente shall maintain the concessions in good standing during this period by paying the semi-annual concession fees, incurring the minimum investments, and making all filings and royalty payments associated with the El Oro 5 Concessions. Remedioambiente is also obligated to pay past fees owing on the five concessions named above and may also pay the past fees for other claims that are part of the El Oro Property, and any payments made by Remedioambiante on past mining fees are subject to reimbursement by the Company in a future private placement offering.

Sarape Project ("Sarape")

In February 2025, the Company entered into a letter of intent ("LOI") with Advance Lithium Corp. ("Advance") to acquire up to 90% interest in the Sarape epithermal gold-silver project ("Sarape") in Mexico in exchange for:

- issuance of 1,000,000 common shares of the Company on agreement date and approval from TSX Venture Exchange;
- Cash payments of up to 10% of each financing completed by the Company, subject to a maximum payment of CDN$450,000 over the lifetime of the agreement;
- Issuance of 26,600,000 common shares of the Company upon completion of 10,000 meters of drilling (for which the Company would earn 51% interest in Sarape);
- Issuance of 21,000,000 common shares of the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 70% interest in Sarape); and
- Issuance of 91,400,000 common shares o the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 90% interest in Sarape).

The agreement is subject to a 1.5% net smelter returns royalty ("NSR") with no buyout option. The LOI is subject to the parties finalizing a definitive agreement on or before April 30, 2025. In July 2025, the Company and Advance agreed to extend the timeframe to finalize a definitive agreement from April 30, 2025 to August 31, 2025.

4. Unproven mineral right interests (continued)

Peruvian Properties:

Casua Property

In 2010, the Company acquired 100% interest in the Casua Property in Peru, from Golden Minerals Company ("Golden") in exchange for 60,000 shares of the Company and granting a 1.5% NSR royalty on the property.

During the year ended March 31, 2021, the Company impaired the carrying value of the property, as the Company had no plans to pursue exploration work on the property but maintain ownership rights to the mining concessions.

On November 28, 2023, the Company entered into an option agreement with Barrick Gold Corporation ("Barrick") on the Tres Marias Property for 100% interest in exchange for $175,000 (payable over a five-year period, of which $100,000 was received) and incurring $500,000 of exploration expenditures on the property. The agreement allowed the Company to retain its 1.5% NSR royalty, of which Barrick could purchase 1% of the NSR for $750,000. During the year ended March 31, 2024, Barrick elected to not continue with the option agreement.

During 2024, the Company bought back the 1.5% NSR royalty granted over the Casua Property from Minera Silex Peru S.R.L., a subsidiary of Golden in exchange for:

i. cash payment of $20,000 and issuance of 100,000 common shares of the Company on definitive agreement date;
ii. issuance of 300,000 common shares upon successful completion of drilling at 10,000 meters, or on an earlier date mutually agreed upon by the parties; and
iii. issuance of 600,000 common shares upon obtaining a Preliminary Economic Assessment or other positive engineering study over any part or all of the Property, or on an earlier date mutually agreed upon by the parties.

5. Equipment

As of March 31, 2025, the Company owns 50% of the San Dieguito de Arriba Plant ("SDA Plant"), a processing plant located in San Dieguito de Arriba, Nayarit State, Mexico. The plant comprises equipment, tools, supporting infrastructure and other facilities required to process ore and recover precious and base metals in the form of flotation concentrates. The plant also includes a precious metals leach circuit - Merrill Crowe system and associated assets, licences, and agreements.

In December 2023, the Company, along with the other owner of 50% of the plant, entered into an agreement with Grupo Minero WIYA ("WIYA") whereby WIYA would acquire the SDA Plant for monthly payments of $150,000 for a period of 10 months (total payment of $1,500,000), and payment of all outstanding repairs to bring the plant into operation. From December 2023 to March 2025, the Company only received $75,000 (50% of $150,000) from WIYA and the agreement has since been cancelled due to non-payment from WIYA. During the year ended March 31, 2025, the Company recorded an impairment loss of $615,583 on the SDA Plant given the fact that the Company has no active customer that could lease or purchase the plant to generate cash flows that would recover the Company's original acquisition cost, the Company has no intent or use to operate the plant itself, and the Company has no active plans to fund current and future repairs and maintenance costs of the plant.

(expressed in United States dollars unless otherwise noted)

5. Equipment (continued)

Asset retirement obligations

The asset retirement obligations represent the estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously used areas and the management of water and water quality in and around the site. As at March 31, 2025, the asset retirement obligation was $91,900 (2024 - $91,900).

6. Accounts payable and accrued liabilities

		March 31, 2025		March 31, 2024
Trade payables	**$**	**424,014**	$	641,483
Due to directors and officers (Note 8)		**553,251**		503,147
Due to Alta Copper Corp.		**624,801**		668,975
Accrued liabilities - mining fees - El Oro (Note 4)		**1,216,532**		3,388,953
Accued liabilities - other		**129,852**		31,869
	$	**2,948,450**	$	5,234,427

7. Share capital and reserves

a. Shares authorized

The Company has an unlimited number of common shares with no par value.

b. Shares issued

As at March 31, 2025, the Company had 142,566,840 (2024 – 139,489,840) common shares issued and outstanding.

<u>During the year ended March 31, 2025:</u>

- On February 3, 2025, the Company issued 150,000 common shares with fair value of $3,625 pursuant to the conversion of RSUs. Refer to Note 7(e).

- On May 10, 2024, the Company issued 2,927,000 common shares with a fair value of $107,099 to the former CFO of the Company to settle accounts payable.

<u>During the year ended March 31, 2024:</u>

- On June 9, 2023, the Company issued 159,529 common shares to a consultant for marketing consulting services with a fair value of $6,043. The Company recorded a gain on settlement of dent of $4,121 in the consolidated statement of operations.

- On November 27, 2023, the Company issued 100,000 common shares with a fair value of $2,934 for a royalty buyback.

(expressed in United States dollars unless otherwise noted)

7. Share capital and reserves (continued)

c. Stock options

The Company has an incentive stock option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at discretion of the Board of Directors. Terms of each option award is fixed by the Board of Directors at time of grant. Share option awards have a maximum term of ten years.

Stock option transactions for the years ended March 31, 2025 and 2024 were as follows:

	Number of Options	Weighted Average Exercise Price (CAD$)
Options outstanding March 31, 2023	10,350,000	0.05
Options expired	(1,625,000)	0.05
Options outstanding March 31, 2024	8,725,000	0.05
Options expired	(250,000)	0.05
Options cancelled	(850,000)	0.05
Options granted	4,100,000	0.05
Options outstanding March 31, 2025	**11,725,000**	**0.05**
Options exercisable March 31, 2025	**11,650,000**	**0.05**

As at March 31, 2025, the following stock options were exercisable and outstanding:

	Outstanding		Exercisable	
Expiry date	Exercise price (CAD$)	Number of options	Exercise price (CAD$)	Number of options
20-May-26	0.05	3,550,000	0.05	3,550,000
28-Feb-27	0.05	250,000	0.05	250,000
18-Jan-26	0.05	3,125,000	0.05	3,125,000
1-Apr-26	0.05	200,000	0.05	200,000
19-Oct-27	0.07	500,000	0.07	500,000
18-Dec-29	0.05	4,100,000	0.05	4,025,000
	0.05	11,725,000	0.05	11,650,000

The average remaining life of the options is 2.38 years as at March 31, 2025.

During the year ended March 31, 2025, the Company granted 4,100,000 (2024 – Nil) stock options to directors, officers, and consultants of the Company. During the year ended March 31, 2025, the Company recorded share-based payments from vested stock options of $113,051 (2024 - $7,872) (Note 10), of which $75,597 (2024 – 7,872) pertains to officers and directors of the Company. As at March 31, 2025, the weighted average fair value of stock options granted was $0.04 (2024 - $nil) per option.

For the year ended March 31, 2025, the fair value of the stock options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions: volatility rate of 131%, risk free rate of 3.03%, expected life of 5 years, and no expected dividends or forfeitures.

(expressed in United States dollars unless otherwise noted)

7. Share capital and equity reserve (continued)

d. Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2023	3,524,167	0.12
Expired	(3,524,167)	0.12
Balance, March 31, 2024, and 2025	-	-

e. Restricted share units ("RSUs")

RSUs transactions for the years ended March 31, 2025, and 2024 were as follows:

	Number of RSUs	Weighted Average Exercise Price ($)
Balance, March 31, 2023, and 2024	-	-
Issued	750,000	0.05
Settled	(150,000)	0.05
Balance, March 31, 2025	600,000	0.05

During the year ended March 31, 2025, the Company granted 150,000 RSUs to the CFO of the Company with a fair value of $7,882 to settle outstanding debt of $11,429, resulting in a gain on settlement of debt of $3,547.

8. Related party disclosures

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes directors, executive officers, and entities controlled by such persons.

a. Related party transactions

The Company incurred the following compensation with companies controlled by members of management and with directors, which has been recorded in general and administrative expenses:

	Year ended March 31, 2025	2024
Management fees	**$ 90,607**	$ 94,388
Accounting fees to a company controlled by the CFO	**28,592**	24,105
Share-based payments (fair value of stock options)	**75,597**	7,872
	$ 194,796	$ 126,365

(expressed in United States dollars unless otherwise noted)

8. Related party disclosures

b. Balance owing

As at March 31, 2025 and 2024, the following amounts were due to related parties:

	March 31, 2025		March 31, 2024	
	Loans from related party	**Accounts payable and accrued liabilities**	Loans from related party	Accounts payable and accrued liabilities
Chief Financial Officer ("CFO")	**$ -**	**$ 27,650**	$ -	$ 11,070
Company controlled by the CFO	**-**	**15,782**	-	3,121
Company controlled by the CEO	**86,459**	**324,862**	21,564	331,791
Director	**3,478**	**-**	3,689	-
Geological consulting and technical officer	**-**	**184,957**	-	157,165
	89,937	**553,251**	25,253	503,147

Amounts due to related parties are unsecured, non-interest bearing, and due on demand.

9. Segmented information

The Company operates in one segment, the exploration of mineral properties. The Company operates in two geographical areas, being Peru and Mexico. Following is an analysis of the Company's non-current assets by geographical area:

			March 31, 2025
	Mexico	**Peru**	**Total**
Unproven mineral right interests (Note 4)	**$ -**	**$ 1**	**$ 1**
	$ -	**$ 1**	**$ 1**

			March 31, 2024
	Mexico	Peru	Total
Unproven mineral right interests (Note 4)	$ 1	$ 1	$ 2
Equipment (Note 5)	628,418	-	628,418
	$ 628,419	$ 1	$ 628,420

(expressed in United States dollars unless otherwise noted)

10. Expenses by nature

	Year ended March 31, 2025	2024
GENERAL AND ADMINISTRATIVE		
Accounting, audit and tax advisory fees	**$ 72,429**	$ 96,694
Bank charges and interest	**3,384**	2,225
Legal	**25,210**	48,115
Management fees, office salaries and benefits (Note 8)	**93,123**	94,388
Office, rent and miscellaneous	**11,037**	88,491
Regulatory and filing fees	**43,709**	28,483
Share-based payments (Notes 7,8)	**113,051**	7,872
Shareholder communications	**53,410**	50,869
Interest and other expense (income)	**(3,672)**	886
Total general and administrative expenses	**$ 411,681**	$ 418,023

	Year ended March 31, 2025	2024
EXPLORATION		
Field support including project administration	**$ 22,910**	$ 129,927
Mining fees - El Oro	**841,791**	376,287
Legal	**-**	29,200
Option payments received (Note 4)	**-**	(30,000)
Total exploration expenses	**$ 864,701**	$ 505,414

11. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at March 31, 2025, the Company has cash of $38,293 which is not sufficient to settle current liabilities totalling $3,058,387; accordingly, liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e., in a currency other than the functional currency in which they are measured.

11. Financial risk and capital management (continued)

b. Currency risk (continued)

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries' transactions are denominated in Mexican Pesos and Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

d. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

f. Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash, accounts payable and accrued liabilities, loan payable, and loans payable to related parties approximate their carrying values because of the short-term nature of these instruments.

(expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management (continued)

g. Capital management

The Company's capital structure is comprised of the components of shareholders' deficit. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

12. Income taxes

A reconciliation of income taxes at a 26.5%statutory tax rate with the reported taxes is as follows:

		2025		2024
Income (loss) for the year	$	1,268,830	$	(942,786)
Expected income tax (recovery)	$	343,000	$	(255,000)
Change in statutory, foreign tax, foreign exchange rates and other		459,000		(129,000)
Permanent differences		(243,000)		41,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		(158,000)		305,000
Expiry of non-capital losses		(11,000)		-
Change in unrecognized deductible temporary differences		(390,000)		38,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred income tax assets that have not been included on the consolidated statement of financial position are as follows:

		2025		2024
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	2,202,000	$	2,233,000
Property and equipment		99,000		(51,000)
Share issue costs		-		1,000
Asset retirement obligation		25,000		25,000
Non-capital losses available for future period		3,269,000		3,777,000
		5,595,000		5,985,000
Unrecognized deferred tax assets		(5,595,000)		(5,985,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

(expressed in United States dollars unless otherwise noted)

12. Income taxes (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 7,475,000	No expiry date	$ 7,593,000	No expiry date
Property and equipment	367,000	No expiry date	(188,000)	No expiry date
Share issue costs	1,000	2043 to 2045	2,000	2043 to 2044
Asset retirement obligation	92,000	No expiry date	92,000	No expiry date
Non-capital losses available for future periods	11,742,000		13,330,000	
Canada	8,390,000	2030 to 2045	7,318,000	2030 to 2044
Peru	668,000	No expiry date	620,000	No expiry date
Mexico	2,684,000	2026 to 2034	5,392,000	2025 to 2034

13. Subsequent event

On April 16, 2025, the Company received the first royalty payment of $50,000 related El Oro Tailings Project agreement with KCA.