

**Highlander Silver Corp.**  
**Condensed Interim Consolidated Financial Statements**  
**March 31, 2024**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Highlander Silver Corp. (“the Company”) for the six months ended March 31, 2024 and March 31, 2023, have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity’s auditor.

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**Highlander Silver Corp.****Condensed Interim Consolidated Statements of Financial Position**  
**Unaudited – Prepared by Management**

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**As at March 31, 2024 and September 30, 2023**

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	Note	March 31, 2024 \$	September 30, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		1,985,831	229,702
Sales tax receivable		53,804	8,904
Prepaid expenses		22,805	14,268
		<b>2,062,440</b>	<b>252,874</b>
<b>Non-current assets</b>			
Property and equipment	3	3,336	11,096
Mineral property interests	4	598,410	254,571
		<b>601,746</b>	<b>265,667</b>
<b>Total assets</b>		<b>2,664,186</b>	<b>518,541</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	114,461	234,986
<b>Total liabilities</b>		<b>114,461</b>	<b>234,986</b>
<b>Equity</b>			
Share capital	5	9,276,323	7,219,766
Contributed surplus	5	2,756,048	1,385,293
Commitment to issue shares	5	46,319	46,319
Foreign currency reserve		(106,922)	(63,983)
Deficit		(9,422,043)	(8,303,840)
<b>Total equity</b>		<b>2,549,725</b>	<b>283,555</b>
<b>Total liabilities and equity</b>		<b>2,664,186</b>	<b>518,541</b>
<b>Nature of operations and going concern</b>	1		
<b>Events after the reporting period</b>	9		

Approved on behalf of the Board of Directors on May 30, 2024:

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*"David Fincham"*

Director

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*"Fabian Baker"*

Director

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

**Highlander Silver Corp.****Condensed Interim Consolidated Statements of Changes in Equity  
Unaudited – Prepared by Management****For the six months ended March 31, 2024 and March 31, 2023**

	Number of common shares #	Share capital \$	Contributed surplus \$	Commitment to issue shares \$	Foreign currency reserve \$	Deficit \$	Total equity \$
October 1, 2022	30,372,975	7,195,766	1,250,834	46,319	(297,520)	(2,780,948)	5,414,451
Fair value reversal on cancellation of stock options	-	-	(103,901)	-	-	103,901	-
Shares issued for mineral property costs	37,500	12,000	-	-	-	-	12,000
Shares issued for services	50,000	12,000	-	-	-	-	12,000
Share-based payments	-	-	133,854	-	-	-	133,854
Loss and comprehensive loss for the period	-	-	-	-	113,753	(464,496)	(350,743)
<b>March 31, 2023</b>	<b>30,460,475</b>	<b>7,219,766</b>	<b>1,280,787</b>	<b>46,319</b>	<b>(183,767)</b>	<b>(3,141,543)</b>	<b>5,221,562</b>
October 1, 2023	30,460,475	7,219,766	1,385,293	46,319	(63,983)	(8,303,840)	283,555
Private placement	30,000,000	3,000,000	-	-	-	-	3,000,000
Share issue costs on private placement	-	(43,443)	-	-	-	24,923	(18,520)
Fair value reversal on expired stock options	-	-	(128,250)	-	-	128,250	-
Residual value on warrants issued	-	(900,000)	900,000	-	-	-	-
Share-based payments	-	-	599,005	-	-	-	599,005
Translation adjustment for the period	-	-	-	-	(42,939)	30,553	(12,386)
Loss and comprehensive loss for the period	-	-	-	-	-	(1,301,929)	(1,301,929)
<b>March 31, 2024</b>	<b>60,460,475</b>	<b>9,276,323</b>	<b>2,756,048</b>	<b>46,319</b>	<b>(106,922)</b>	<b>(9,422,043)</b>	<b>2,549,725</b>

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

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**Highlander Silver Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
Unaudited – Prepared by Management**

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**For the three and six months ended March 31, 2024 and March 31, 2023**

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		Three months ended March 31,		Six months ended March 31,	
	Note	2024	2023	2024	2023
		\$	\$	\$	\$
<b>Expenses</b>					
Advertising and promotion		5,636	-	5,736	14,638
Consulting fees		676	24,814	902	24,814
Depreciation	3	1,067	2,684	2,504	5,327
Foreign exchange		(73,732)	2,167	(8,659)	46,835
Office expenses		51,265	8,803	67,212	32,238
Professional fees	6	197,713	120,391	429,022	204,693
Property Investigation Costs		6,500	-	39,717	-
Share-based payments	5,6	599,005	65,823	599,005	133,854
Transfer agent and filing fees		7,518	6,212	17,759	9,812
<b>Loss from operating expenses</b>		<b>(795,648)</b>	<b>(230,894)</b>	<b>(1,153,198)</b>	<b>(472,211)</b>
Interest income		23,186	-	42,676	7,715
Disposal on property and equipment		4,316	-	4,316	-
Write-off of mineral property interests	4	(86,778)	-	(195,723)	-
<b>Loss and comprehensive loss for the period</b>		<b>(854,924)</b>	<b>(230,894)</b>	<b>(1,301,929)</b>	<b>(464,496)</b>

**Loss per share****Weighted average number of common shares outstanding**

- basic #	60,460,434	30,291,547	57,493,401	30,291,547
- diluted #	60,460,434	30,291,547	57,493,401	30,291,547
<b>Basic loss per share \$</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Diluted loss per share \$</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>

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

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**Highlander Silver Corp.****Condensed Interim Consolidated Statements of Cash Flows**  
**Unaudited – Prepared by Management**

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**For the six months ended March 31, 2024 and March 31, 2023**

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	Note	2024 \$	2023 \$
<b>Operating activities</b>			
Loss for the period		(1,301,929)	(464,496)
Adjustments for non-cash items:			
Depreciation		2,504	4,667
Shares issued for services		-	12,000
Share-based payments		599,005	133,854
Write-off of mineral property interests		195,723	-
Interest Income receivable		(36,582)	-
Net change in non-cash working capital items	7	(115,693)	65,560
		<b>(656,972)</b>	<b>(248,415)</b>
<b>Financing activities</b>			
Proceeds from private placement		3,000,000	-
Share issue costs		(18,520)	-
		<b>2,981,480</b>	<b>-</b>
<b>Investing activities</b>			
Purchases of equipment	3	(2,185)	-
Disposal of property and equipment	3	7,454	-
Deferred exploration and evaluation expenditures	4	(514,057)	(954,802)
		<b>(508,788)</b>	<b>(954,802)</b>
<b>Net change in cash</b>		<b>1,815,720</b>	<b>(1,203,217)</b>
<b>Effects of foreign exchange</b>		<b>(59,591)</b>	<b>113,754</b>
<b>Cash, beginning of period</b>		<b>229,702</b>	<b>1,968,174</b>
<b>Cash, end of period</b>		<b>1,985,831</b>	<b>878,711</b>
<b>Supplemental cash flow information</b>	7		

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

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# Highlander Silver Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 1. Nature of operations and going concern

Highlander Silver Corp. (the “Company” or “Highlander”) was incorporated under the laws of the Province of British Columbia, Canada. The Company’s head office is located at 605 - 130 Brew Street, Port Moody, British Columbia, Canada, V3H 0E3. Its records office is located at 1200 - 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8. Its main business activity is the acquisition, exploration and evaluation of mineral properties located in Peru. These condensed interim consolidated financial statements (the “financial statements”) of the Company as at and for the six months ended March 31, 2024 and March 31, 2023 comprise the Company and its subsidiaries (Note 2(b)). The Company’s common shares trade on the Canadian Securities Exchange (“CSE”).

The Company’s main corporate strategy is to advance its mineral properties to a drill-ready stage and then conduct exploration and evaluation. The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically viable. The Company’s continued operations, and the underlying value and recoverability of the amounts shown for mineral property interests, are entirely dependent upon the existence of economically recoverable mineral reserves of the Company and those in which it holds a mineral property or shareholder interest. The continued exploration and development of projects will depend on it receiving future cash flows from its ability to obtain share capital financing.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional revenue sources, and historically has relied on property option or sale proceeds and share capital financing to cover its property acquisition, exploration and evaluation expenditures and operating expenses.

As at March 31, 2024, the Company had equity of \$2,549,725 (September 30, 2023 - \$283,555) and working capital of \$1,947,979 (September 30, 2023 - \$17,888). Management has assessed that its overall working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements it could be necessary to restate the Company’s assets and liabilities on a liquidation basis.

On October 17, 2023, the Company consolidated its issued share capital on a ratio of two (2) old common shares for every one (1) new post-consolidated common share (the “Share Consolidation”). The current and comparative references to the common shares, weighted average number of common shares, loss per share, acquisitions, stock options and warrants have been restated to give effect to this Share Consolidation.

#### 2. Material accounting policies

##### (a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited consolidated financial statements for the year ended September 30, 2023, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries with the exception of CAPPEX S.A.C. which has a functional currency of Peruvian Soles.

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# Highlander Silver Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 2. Material accounting policies (continued)

##### (b) Principles of consolidation

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

Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

The financial statements include the following entities:

Highlander	100%	Parent company
Pacific West Exploration Services Inc. ("Pacific West")	100%	Exploration Company
CAPPEX	100%	Holding Company
Minera CAPPEX S.A.C.	100%	Exploration company

Inter-company balances and transactions, and any unrealized income (loss) and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

When control of a subsidiary is lost, the Company: (a) derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position; (b) recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs; and (c) and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

##### (c) Material accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its annual consolidated financial statements for the year ended September 30, 2024. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited consolidated financial statements.

##### (d) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2024. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

# Highlander Silver Corp.

## Notes to the Condensed Interim Consolidated Financial Statements Unaudited – Prepared by Management

For the six months ended March 31, 2024 and March 31, 2023

### 3. Property and equipment

	Vehicles \$	Furniture \$	Computers \$	Total \$
Balance, September 30, 2022	18,602	407	1,834	20,843
Depreciation	(9,639)	(74)	(700)	(10,413)
Foreign exchange adjustment	572	22	72	666
Balance, September 30, 2023	9,535	355	1,206	11,096
Additions	-	-	2,185	2,185
Depreciation	2,071	37	396	2,504
Disposals	(7,454)	-	-	(7,454)
Foreign exchange adjustment	(4,152)	(79)	(764)	(4,995)
<b>Balance, March 31, 2024</b>	<b>-</b>	<b>313</b>	<b>3,023</b>	<b>3,336</b>

### 4. Mineral property interests

	Alta Victoria Property \$	Politunche Property \$	Estrella \$	Total \$
<b>October 1, 2022</b>	3,506,341	138,971	-	3,645,312
Acquisitions/staking/assessments	76,331	27,758	56,937	161,026
Administrative	6,218	-	72,238	78,456
Geological and related expenditures	376,706	8,648	31,069	416,423
Legal expenses	12,709	2,126	424	15,259
Field equipment and related expenditures	25,725	6,632	-	32,357
Services	10,499	325	-	10,824
Personnel	235,482	6,479	-	241,961
Foreign exchange translation	(58,317)	-	-	(58,317)
<b>March 31, 2023</b>	<b>4,191,694</b>	<b>190,939</b>	<b>160,668</b>	<b>4,543,301</b>
<b>October 1, 2023</b>	-	-	254,571	254,571
Acquisitions/staking/assessments	36,486	-	-	36,486
Geological and related expenditures	7,640	-	183,263	190,903
Dues & fees	17,775	-	9,954	27,729
Legal expenses	5,383	1,952	2,280	9,615
Field equipment and related expenditures	18,255	-	19,092	37,347
Services	6,652	294	6,921	13,867
Personnel	101,268	18	66,622	167,908
Impairments/write-downs	(193,459)	(2,264)	-	(195,723)
Foreign exchange translation	-	-	55,707	55,707
<b>March 31, 2024</b>	<b>-</b>	<b>-</b>	<b>598,410</b>	<b>598,410</b>

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

#### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 4. Mineral property interests (continued)

The Company's wholly-owned projects are comprised of the rights to explore various mineral claims and tenures at various stages of exploration. Unless otherwise noted they are not subject to any option or sale agreements. Certain of the claims are subject to a net smelter returns royalty ("NSR"), as detailed below.

##### **Alta Victoria Property**

The Company, through Minera CAPPEX, holds title to the Alta Victoria property, located in Peru. The Company staked additional claims, which it owns at 100%, and has an option to acquire additional contiguous claims pursuant to an option agreement entered into with the shareholders of Minera Yantac S.A.C. ("Minera Yantac") (the "Option Agreement"), Minera CAPPEX has the option to acquire Minera Yantac, holder of 10 of the concessions making up the Alta Victoria Project (the "Optioned Property"), by paying a total of US\$4,000,000 over six years and four months. Minera Yantac acquired the Optioned Property pursuant to a mining property transfer agreement dated December 18, 2018, as amended July 27, 2020 (the "Transfer Agreement"), and a portion of the payments under the Option Agreement are to be made to the prior owners of the Optioned Property to satisfy the requirements of the Transfer Agreement, with the balance paid to the shareholders of Minera Yantac.

On January 5, 2023, the Option agreement term extended by up to five (5) years and six (6) months to September 2028. Monthly cash payments of USD\$10,000 suspended for up to eighteen (18) months from March 2023 to August 2024. Total acquisition cost for 100% ownership of the project increased from US\$4,000,000 to US\$5,000,000 such cost to include the cumulative monthly payments plus final option payment. The Company may terminate the agreement, in its sole discretion, at any time.

Minera CAPPEX is required to make the following payments pursuant to the Option Agreement:

- a) US\$60,000 (paid);
- b) US\$5,000 per month for 32 months from August 2018 to March 2020 and from August 2020 to July 2021 (a total of US\$160,000, of which US\$125,000 has been paid in cash and US\$30,000 was satisfied by the issuance of securities, described below);
- c) US\$10,000 per month from August 2021 to February 2023 (total US\$190,000 – paid);
- d) Monthly payments are suspended for up to 18 months from March 2023 to August 2024. They resume at US\$5,000 per month from September 2024 until July 2028 (a total of US\$235,000); and
- e) US\$4,355,000 on August 4, 2028.

The parties agreed to suspend the payments under the Option Agreement and Transfer Agreement for the months of April, May, June and July 2020 as a result of the COVID-19 pandemic.

##### Work Commitment and Royalty

Pursuant to the Transfer Agreement, the Optioned Property is subject to a net smelter returns royalty of 1.5% on all metallic metals and 3.00 Peruvian Soles per ton of non-metallic metals produced from the Optioned Property. The net smelter returns royalty was granted by Minera Yantac to Minera Flor de Maria S.A.C., one of the former titleholders of the Optioned Property.

The Company has the right to conduct exploration activities on the Optioned Property pursuant to a mining lease agreement dated June 8, 2018, as amended December 2, 2018, and May 12, 2021 (the "Mining Lease Agreement"). Pursuant to the Mining Lease Agreement, the Company was required to pay US\$100 (paid) and to incur US\$500,000 in work commitments on the Optioned Property by February 28, 2022 (which requirement has been met). The mining lease agreement expired on December 4, 2023.

##### Surface Access

The Company also entered into a surface access agreement with The Community of San Francisco de Asis de Yantac in April 2018 for a 2-year term, and a second surface access agreement January 24, 2020, that is valid until January 24, 2022 (the "Surface Access Agreement"). Pursuant to the Surface Access Agreement, the Company may build road and drill platforms, as well as drill on the Alta Victoria Project. The Company made a land use payment for 2020 of 45,000 Peruvian Soles and had agreed to pay 60,000 Peruvian Soles for 2021. The Company is currently in discussions with the community to renew the access agreement.

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

#### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 4. Mineral property interests (continued)

##### Alta Victoria Property (continued)

###### Write-off of property

On December 4, 2023, the Company terminated the Alta Victoria option agreement and wrote-off the carrying value of the property to \$nil.

##### La Estrella

On August 10, 2021, the Company purchase from Compania Minera Ares S.A.C. mining claims known as the Estrella claims located in central Peru in consideration for a cash payment of \$3,701 (US\$2,700), being payment of the administrative costs and a 2% Net Smelter Return (NSR) royalty. The Company, at its sole discretion and at any time may purchase 50% of the NSR for a consideration of US\$200,000 and the remaining 50% for a consideration of US\$300,000.

The Estrella 002 concession was acquired via auction with the Peruvian Mining Authority for consideration of US\$31,000 (paid).

In addition, the Company has acquired the La Estrella project data base including diamond drill core, assay results and laboratory certificates from Alianza Minerals Ltd. in consideration for the payment of CAD\$ 15,000 (paid) and the issuance of 37,500 common shares (issued).

##### Politunche Property

On January 19, 2022, the Company executed an option agreement to acquire 100% of the Politunche Property (“the Property” or “Politunche”) located in central Peru. The Company can earn a 100% ownership interest in the property by:

Making a total of US\$2,000,000 in cash payments over 4 years to the individual vendor (the “Vendor”) as follows:

- a) US\$5,000 on the signing of the Letter of Intent and US\$5,000 on the execution of the Agreement (both paid);
- b) US\$5,000 per month during a period of twenty-two (22) months ending November 2023;
- c) US\$10,000 per month during a period of twenty-four (24) months commencing on December 2023 and ending November 2025;
- d) A final US\$1,640,000 within forty-eight months of the execution of the Agreement; and drilling a minimum of 2,500 metres.

The Vendor retains a 2% NSR which the Company may buy back for US\$500,000 per 1% at its election within six (6) months on declaration of commercial production. The Company, at its election, can exercise the option to acquire the Property at any time within the forty-eight (48) month option period by notifying the Vendor and paying the outstanding balance owing as of the date of notification.

On February 25, 2023, the Option agreement term extended for six (6) months from February 2026 to July 2026. Monthly cash payments of USD\$5,000 were suspended for six (6) months from March 2023 to August 2023. Monthly cash payments of USD\$5,000 began in September 2023 and end June 2024. Monthly cash payments of USD\$10,000 are to begin July 2024 and end June 2026. There is a final option payment of USD\$1,735,000 due on July 17, 2026 if the Company elects to acquire 100% of the project. Total acquisition costs for 100% ownership of the project increased from USD\$2,000,000 to USD\$2,100,000. The Company may terminate the agreement, in its sole discretion, at any time.

###### Write-off of property

During the year ended September 30, 2023, following a strategic review of the Company’s portfolio, and the decision to focus resources on the highest quality projects, the Company terminated its option to acquire a 100% interest in the Politunche project.

The Company wrote-off the carrying value of the Politunche Property to \$nil.

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 5. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value, an unlimited number of preferred shares without par value. All issued shares are fully paid. For the six months ended March 31, 2024, the Company holds 4,882,728 shares in escrow.

#### Transactions for the issue of share capital during the six months ended March 31, 2024:

- (a) On October 19, 2023, the Company completed a \$3,000,000 offering of 30,000,000 units of the company. Each Unit is comprised of one common share and one warrant exercisable at a price of \$0.15 per Share for a period of 3 years from the date of issuance. The Company incurred \$43,443 in share issue costs in respect of this financing. The Company issued 30,000,000 share purchase warrants with a residual value of \$0.30 per unit, for a total of \$900,000.

#### Transactions for the issue of share capital during the six months ended March 31, 2023:

- (b) On February 15, 2023, the Company issued 50,000 common shares of the Company to the CEO in connection with a Management Consulting Agreement. The shares had a fair value of \$12,000 (\$0.24 per share) on issuance, which has been presented as management fees on the Company's consolidated statement of loss and comprehensive loss.
- (c) On March 29, 2023, the Company issued 37,500 common shares of the Company to Alianza Minerals Ltd. in consideration for the acquisition of The Estrella 002 concession. The shares had a fair value of \$12,000 (\$0.32 per share) on issuance, which has been present as acquisition costs.

#### Commitment to issue shares

On November 16, 2020, the Company granted 125,000 common shares pursuant to a consulting agreement with the former CEO. These shares have a fair value, calculated using the market price at grant date of \$0.43 totaling \$53,750. The shares will vest quarterly over a period of 12 months from issuance. The total share-based payments recorded as for the year ended September 30, 2021 was \$46,319. As at March 31, 2024, the shares have not been issued.

#### Stock options

The Company has an incentive stock option plan (the "Plan") which provides for the granting of options. Under the Plan the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. A participant, who is not a consultant conducting investor relations activities, who is granted an option that is exercisable at the market price at the date of grant, will have their options vest immediately, unless otherwise determined by the Board of Directors. Options granted at below market prices will vest one-sixth every three months.

A participant who is a consultant conducting investor relations activities who is granted an option under the Plan will become vested with the right to exercise one-quarter of the option upon conclusion of every three months subsequent to the grant date. All options are to be settled by physical delivery of shares.

A summary of the status of the Company's stock options as at March 31, 2024, and September 30, 2023 and changes during the period/year then ended is as follows:

	Period ended March 31, 2024		Year ended September 30, 2023	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	1,625,000	0.51	1,062,500	0.60
Granted	1,637,500	0.55	850,000	0.42
Cancelled	(337,500)	0.60	(287,500)	0.59
Options outstanding, end of period/year	<b>2,925,000</b>	<b>0.52</b>	1,625,000	0.51

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 5. Share Capital (continued)

##### Stock options (continued)

As at March 31, 2024, the Company had stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
15,000	15,000	0.54	August 10, 2025
372,500	372,500	0.60	November 3, 2026
50,000	50,000	0.60	March 1, 2027
850,000	650,000	0.42	March 3, 2028
1,637,500	1,637,500	0.55	March 12, 2027
<b>2,925,000</b>	<b>2,725,000</b>	<b>0.52</b>	

The following table summarizes information about the stock options outstanding as at March 31, 2024:

Options #	Weighted average remaining life (years)	Weighted average exercise price \$
15,000	1.36	0.54
372,500	2.59	0.60
50,000	2.92	0.60
650,000	3.93	0.42
1,637,500	2.95	0.55
<b>2,725,000</b>	<b>3.18</b>	<b>0.52</b>

During the six months ended March 31, 2024, the Company granted 1,637,500 stock options to Directors, Officers and related Company employees. The stock options are exercisable at \$0.55 for a period of three years and vest immediately.

The stock options were valued using the Black-Scholes option pricing mode with the following assumptions:

1,637,500 options with expected life of the options - 3 years, expected stock price volatility – 125%, no dividend yield, and a risk-free interest rate yield of 3.9%. Using the above assumptions, the fair value of options granted during the six months ended March 31, 2024 was approximately \$0.35 per option for a total of \$578,441.

During the year ended September 30, 2023, the Company granted 850,000 stock options to Directors, Officers and related Company employees. The stock options are exercisable at \$0.42 for a period of five years and 25% vest immediately, with a further 25% vesting every six months thereafter.

The stock options were valued using the Black-Scholes option pricing mode with the following assumptions:

850,000 options with expected life of the options - 5 years, expected stock price volatility – 125%, no dividend yield, and a risk-free interest rate yield of 3.55%. Using the above assumptions, the fair value of options granted during the year ended September 30, 2023 was approximately \$0.18 per option for a total of \$156,534.

The total share-based payment expense for the six months ended March 31, 2024 was \$599,005 (2023 - \$133,854), which is presented as an operating expense, and includes options that vested during the period.

During the six months ended March 31, 2024, a total of 337,500 stock options were cancelled as a result of the resignation or termination of certain individuals. On cancellation, the original fair value of \$128,250 was reversed from contributed surplus and credited to deficit.

During the year ended September 30, 2023, a total of 287,500 stock options were cancelled as a result of the resignation or termination of certain individuals. On cancellation, the original fair value of \$90,855 was reversed from contributed surplus and credited to deficit.

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

#### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 5. Share Capital (continued)

##### Warrants (continued)

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at March 31, 2024 and September 30, 2023 and changes during the period/year then ended is as follows:

	Period ended March 31, 2024		Year ended September 30, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	-	-	9,100,002	0.50
Granted	30,000,000	0.15	-	-
Expired	-	-	(9,100,002)	0.50
Warrants outstanding, end of period/year	<b>30,000,000</b>	<b>0.15</b>	-	-

#### 6. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the six months ended March 31, 2024 and March 31, 2023.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty to ninety days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

During the six months ended March 31, 2024, key management of the Company were granted 1,525,000 stock options exercisable at \$0.55 for a period of three years, with a fair value of \$538,701.

During the six months ended March 31, 2023, key management of the Company were granted 1,700,000 stock options exercisable at \$0.21 for a period of five years, with a fair value of \$98,302.

The following related parties transacted with the Company or Company controlled entities during the period:

- (a) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services (included within professional fees).
- (b) Philip Anderson was former Director, former interim CEO and General Manager of Minera CAPPEX S.A.C. He provided the Company with geological, management and administrative services. He resigned during the year ended September 30, 2023.
- (c) David Fincham was appointed as the Company's CEO effective October 2022.
- (d) Graeme Lyall is the Company's Director. He has significant influence of Lyall Consult SPA. ("Lyall"). Lyall provides the Company with geological services.
- (e) Dr. Leandro Echavarria is the Company's VP of Exploration. He has significant influence of LE Geological Services USA. ("LE Geo"). LE Geo provides the Company with geological services.
- (f) Augusta Investments (Richard Warke) is a significant shareholder.

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**Highlander Silver Corp.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended March 31, 2024 and March 31, 2023**

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**6. Related party payables and transactions (continued)**

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions Six months ended March 31, 2024 \$	Transactions Six months ended March 31, 2023 \$	Balances outstanding March 31, 2024 \$	Balances outstanding September 30, 2023 \$
DBMCPA	46,375	40,737	8,925	5,250
Philip Anderson	-	30,544	-	-
Lyall Consult SPA	-	21,700	-	15,379
LE Geological Services	97,651	60,919	16,249	16,200
David Fincham	109,998	98,998	36,666	78,487
	<b>254,024</b>	<b>252,898</b>	<b>61,840</b>	<b>115,316</b>

All related party balances are unsecured and are due within thirty days without interest.

**7. Supplemental cash flow information**

Changes in non-cash operating working capital during the six months ended March 31, 2024 and March 31, 2023 were comprised of the following:

	March 31, 2024 \$	March 31, 2023 \$
Sales tax receivable	(8,318)	20,042
Prepaid expenses	(8,537)	(1,423)
Accounts payable and accrued liabilities	(98,838)	46,941
<b>Net change</b>	<b>(115,693)</b>	<b>65,560</b>

The Company incurred non-cash financing and investing activities the six months ended March 31, 2024 and March 31, 2023 as follows:

	March 31, 2024 \$	March 31, 2023 \$
Non-cash financing activities		
Fair value reversal for expired of stock options	(128,250)	-
Residual value on warrants issued	900,000	-
	<b>771,750</b>	<b>-</b>
Non-cash investing activities		
Shares issued for acquisition of mineral properties	-	12,000
Deferred exploration expenditures included in accounts and accrued liabilities	3,193	55,809
	<b>3,193</b>	<b>67,809</b>

Further, there were no amounts paid for income taxes or interest during the six months ended March 31, 2024 and March 31, 2023.

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# Highlander Silver Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 8. Financial risk management

##### Capital management

The Company is a junior resource exploration company and considers items included in equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at March 31, 2024 is comprised of equity of \$2,549,725 (September 30, 2023 - \$283,555).

The Company has no traditional revenue sources. In order to fund future projects and pay for administrative costs the Company will spend its existing working capital. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral properties, and there being a favorable market in which to sell or option the properties; and or its ability to borrow or raise additional funds from equity markets.

##### Financial instruments - fair value

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities.

The carrying value of accounts payable and accrued liabilities approximates its fair value because of the short-term nature of the instrument.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>March 31, 2024</b>				
Cash	1,985,831	-	-	1,985,831
	<b>1,985,831</b>	-	-	<b>1,985,831</b>
<b>September 30, 2023</b>				
Cash	229,702	-	-	229,702
	<b>229,702</b>	-	-	<b>229,702</b>

##### Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

##### (a) Credit risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the majority of funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivables exposure, and its various refundable credits are due from Canadian government.

##### (b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations. For the six months ended March 31, 2024 and March 31, 2023, every 1% fluctuation in interest rates up or down would have had an insignificant impact on profit or loss.

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## Highlander Silver Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

#### Unaudited – Prepared by Management

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For the six months ended March 31, 2024 and March 31, 2023

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#### 8. Financial risk management (continued)

##### Financial instruments – risk (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

##### (d) Currency risk

As at March 31, 2024 all of the Company's cash was held either in Canadian dollars, US dollars or Peruvian Soles. The Company incurs expenditures in Canada and Peru, and as such is exposed to currency risk associated with these costs.

A change in the value of the Peruvian Soles by 10% relative to the Canadian dollar would not have a significant impact on the Company's working capital and net loss for six three months ended March 31, 2024, and March 31, 2023.

#### 9. Events after the reporting period

On May 9, 2024, the Company completed an offering of 20,514,222 common shares of the Company at a price of \$0.45 per share for gross proceeds of \$9,231,400.

On May 21, 2024, upon the exercise of common share purchase warrants, 25,000 common shares were issued at \$0.15 per share for proceed of \$3,750.

On May 23, 2024, the Company announced it has acquired the San Luis gold-silver project from SSR Mining Inc. ("SSR Mining"), pursuant to a share purchase agreement dated November 29, 2023 (as amended, the "Share Purchase Agreement"). The San Luis project is located in the Ancash department of central Peru.

Pursuant to the Share Purchase Agreement, the company acquired a 100% interest in the San Luis Project through the purchase of SSR Mining's direct and indirect shareholdings of four subsidiary companies, in consideration for an initial payment of US\$5,000,000 in cash (Completed).

The company may pay up to an additional US\$37,500,000 in cash to SSR Mining as contingent consideration (the "Contingent Consideration") upon completion of certain milestones in relation to the San Luis Project. The Contingent Consideration is only accrued and payable if and when the following milestones are achieved:

- (a) \$2,500,000, after the commencement of an initial drilling program at the San Luis Project;
- (b) \$5,000,000 after the completion of a feasibility study on any portion of the San Luis Project;
- (c) \$10,000,000 after the beginning of commercial production;
- (d) \$10,000,000 after the first anniversary of commercial production; and
- (e) \$10,000,000 after the second anniversary of commercial production.

A 4% net smelter returns royalty (the "Royalty") on the San Luis Project was granted to SSR Mining prior to closing of the Transaction. At any time before the commencement of mine construction on the San Luis Project, the company may buy back half of the Royalty for US\$15,000,000, which if, exercised, would reduce SSR Mining's royalty interest to 2%.