Highlander Silver Corp.

Condensed Interim Consolidated Financial Statements

June 30, 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 nine months ended June 30, 2024 and June 30, 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.

Highlander Silver Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

As at June 30, 2024 and September 30, 2023

	Note	**June 30, 2024 $**	September 30, 2023 $
Assets			
Current assets			
Cash and cash equivalents		3,400,026	229,702
Recivables		273,188	8,904
Prepaid expenses		39,673	14,268
		3,712,887	252,874
Non-current assets			
Property and equipment	3	72,925	11,096
Mineral property interests	5	8,171,331	254,571
Value added tax receivable	4	5,037,618	-
		13,281,874	265,667
Total assets		**16,994,761**	518,541
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	7	736,784	234,986
Consideration payable	4	3,412,275	-
		4,149,059	234,986
Non-current liabilities			
Deferred income tax liability	4	1,681,473	-
Reclamation and closure cost provisions	4	515,440	-
		2,196,913	-
Total liabilities		**6,345,972**	234,986
Equity			
Share capital	6	19,394,473	7,219,766
Reserves	6	1,684,905	1,385,293
Commitment to issue shares	6	46,319	46,319
Foreign currency reserve		(1,039,459)	(63,983)
Deficit		(9,437,449)	(8,303,840)
Total equity		**10,648,789**	283,555
Total liabilities and equity		**16,994,761**	518,541

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Approved on behalf of the Board of Directors on August 29, 2024:

"David Fincham" **Director** *"Graeme Lyall"* **Director**

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

(Expressed in Canadian Dollars)

For the nine months ended June 30, 2024 and June 30, 2023

	Number of common shares #	Share capital $	Reserves $	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	-	-	(141,844)	-	-	141,844	-
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	-	-	184,495	-	-	-	184,495
Loss and comprehensive loss for the period	-	-	-	-	193,176	(675,631)	(482,455)
June 30, 2023	30,460,475	7,219,766	1,293,485	46,319	(104,344)	(3,314,735)	5,140,491
October 1, 2023	30,460,475	7,219,766	1,385,293	46,319	(63,983)	(8,303,840)	283,555
Private placement	50,514,222	12,231,400	-	-	-	-	12,231,400
Share issue costs on private placement	-	(67,943)	-	-	-	24,923	(43,020)
Fair value reversal on cancellation of stock options	-	-	(291,893)	-	-	291,893	-
Re-allocated on exercise of warrants	25,000	11,250	(7,500)	-	-	-	3,750
Share-based payments	-	-	599,005	-	-	-	599,005
Translation adjustment for the period	-	-	-	-	(975,476)	30,553	(944,923)
Loss and comprehensive loss for the period	-	-	-	-	-	(1,480,978)	(1,480,978)
June 30, 2024	**80,999,697**	**19,394,473**	**1,684,905**	**46,319**	**(1,039,459)**	**(9,437,449)**	**10,648,789**

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

Highlander Silver Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

For the three and nine months ended June 30, 2024 and June 30, 2023

		Three months ended June 30,		Nine months ended June 30,	
		2024	**2023**	**2024**	**2023**
	Note	**$**	**$**	**$**	**$**
Expenses					
Advertising and promotion		3,441	-	9,177	14,638
Consulting fees		11,820	1,119	12,722	1,119
Depreciation	3	345	2,752	2,849	8,079
Foreign exchange		(25,588)	61,986	(34,247)	108,821
Office expenses		74,126	24,052	141,338	56,290
Professional fees	7	48,682	101,846	477,704	306,539
Property Investigation Costs		54,652	-	94,369	-
Share-based payments	6,7	-	50,641	599,005	184,495
Transfer agent and filing fees		17,552	4,260	35,311	14,072
Loss from operating expenses		**(185,030)**	**(246,656)**	**(1,338,228)**	**(694,053)**
Interest income		18,609	10,707	61,285	18,422
Gain on disposal of property and equipment	3	7,511	-	11,827	-
Write-off of mineral property interests	5	(20,139)	-	(215,862)	-
Loss and comprehensive loss for the period		**(179,049)**	**(235,949)**	**(1,480,978)**	**(675,631)**
Loss per share					
Weighted average number of common shares outstanding					
- basic #		**72,551,350**	**30,410,572**	**62,468,456**	**30,410,572**
- diluted #		**72,551,350**	**30,410,572**	**62,468,456**	**30,410,572**
Basic loss per share $		**(0.00)**	**(0.01)**	**(0.02)**	**(0.02)**
Diluted loss per share $		**(0.00)**	**(0.01)**	**(0.02)**	**(0.02)**

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

Highlander Silver Corp.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

For the nine months ended June 30, 2024 and June 30, 2023

	Note	**2024** **$**	2023 $
Operating activities			
Loss for the period		(1,480,978)	(675,631)
Adjustments for non-cash items:			
Depreciation		2,849	8,079
Shares issued for services		-	12,000
Share-based payments		599,005	184,495
Write-off of mineral property interests		215,862	-
Accrued interest Income		(60,964)	-
Foreign exchange		(52,078)	-
Net change in non-cash working capital items	8	(11,609)	(84,886)
		(787,913)	(555,943)
Financing activities			
Proceeds from private placements		12,231,400	-
Share issue costs		(43,020)	-
Proceeds from exercise of warrants		3,750	-
		12,192,130	-
Investing activities			
Interest received on cash equivalents		9,334	-
Purchases of equipment		(2,196)	-
Proceeds from disposal of property and equipment		7,490	-
Deferred exploration and evaluation expenditures		(312,321)	(1,153,212)
Acquisition of Reliant Ventures S.A.C.	4	(7,158,514)	-
Cash acquired on purchase of Reliant Ventures S.A.C.	4	167,237	-
		(7,288,970)	(1,153,212)
Net change in cash and cash equivalents		4,115,247	(1,709,155)
Effects of foreign exchange		(944,923)	192,401
Cash and cash equivalents, beginning of period		229,702	1,968,174
Cash and cash equivalents, end of period		**3,400,026**	451,420
Supplemental cash flow information	8		

Cash and cash equivalents

	June 30, 2024 **$**	June 30, 2023 $
Cash	1,850,026	451,420
Guaranteed investment certificates	1,550,000	-
	3,400,026	451,420

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

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 three and nine months ended June 30, 2024 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 June 30, 2024, the Company had equity of $10,648,789 (September 30, 2023 - $283,555) and a working capital deficiency of $436,172 (September 30, 2023 – working capital surplus of $17,888). The Company has financed its operations primarily through the issuance of common shares. The Company will continue to require additional funding to maintain its ongoing exploration programs, property maintenance payments and operations and administration for the next fiscal year. The Company also recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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 Minera CAPPEX S.A.C. and Reliant Ventures S.A.C. which have a functional currency of Peruvian Soles.

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.	100%	Exploration company
CAPPEX Mineral Ventures Inc.	100%	Holding company
Minera CAPPEX S.A.C.	100%	Exploration company
Reliant Ventures S.A.C	100%	Exploration company
San Luis Resources (BVI) Inc.	100%	Holding company
Silver Standard Peru (BVI) Inc.	100%	Holding 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.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

<u>Share-based payments</u>

The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

<u>Income taxes</u>

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such a determination is made.

(Expressed in Canadian Dollars)

2. Material accounting policies (continued)

(c) Material accounting policies (continued)

Estimated useful lives and depreciation of equipment

Depreciation of equipment is dependent upon estimates of useful lives based on management's judgment.

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Fair value of assets and liabilities acquired

The cost of acquiring exploration and evaluation assets is capitalized and represents their fair value at the date of acquisition. The carrying values of Reliant Ventures S.A.C. acquired by the Company are subject to estimates relating to the fair value of other assets and liabilities of Reliant Ventures S.A.C. at the acquisition date.

Contingent consideration

The Company's accounting policy for contingent consideration involves making estimates and assumptions regarding future events or circumstances. These include assessing probabilities and timing of payments and applying discount rates to cash flows. These estimates are subject to change with new information.

Acquisitions

On acquisition of a set of assets and liabilities, management applies judgment in determining whether the set acquired includes the inputs and processes applied to those inputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. Transactions accounted for as business combinations may result in goodwill, or a bargain purchase gain, and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill, or a bargain purchase gain, and transaction costs are capitalized as part of the assets acquired.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Reliant Ventures S.A.C. (Note 4) met the criteria for accounting as an asset.

(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 material accounting policies.

3. Property and equipment

	Vehicles $	Furniture $	Computers $	Equipment $	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	-	-	2,196	69,977	72,173
Depreciation	(2,081)	(56)	(712)	-	(2,849)
Disposals	(7,490)	-	-	-	(7,490)
Foreign exchange adjustment	36	(10)	(31)	-	(5)
Balance, June 30, 2024	**-**	**289**	**2,659**	**69,977**	**72,925**

During the period ended June 30, 2024, the Company recorded a gain on the disposal of vehicles of $11,827.

(Expressed in Canadian Dollars)

4. Acquisition of Reliant Ventures S.A.C.

On May 23, 2024, the Company completed the acquisition of 100% of the shares of Reliant Ventures S.A.C. ("Reliant"), a private Peruvian company that holds the San Luis Project, located in the Ancash department of central Peru. The acquisition was made pursuant to a share purchase agreement with SSR Mining Inc. ("SSR Mining"). The total consideration for the acquisition included an initial payment of USD $5,000,000 (CAD $6,978,100) in cash, with additional contingent consideration of up to USD $37,500,000 based on achieving specific project milestones (see below).

The acquisition of the San Luis Properties constitutes an asset acquisition and has been accounted for under the acquisition method, as outlined in IFRS 3, Business Combinations. However, since the assets acquired did not qualify as a business under IFRS 3, the acquisition has been treated as a purchase of individual assets and liabilities.

The allocation of the purchase price to the assets acquired and liabilities assumed is based on their estimated fair values as of the acquisition date. The assets, liabilities, and operations of the San Luis Properties have been included in the Company's consolidated financial statements starting from May 23, 2024.

Reliant' s assets, liabilities, and operations from May 23, 2024 are included in these financial statements.

Net assets (liabilities) of Reliant acquired:	May 23, 2024 $
Cash	167,237
Receivables and prepayments	212,124
Value added tax - long term	5,071,608
Property and equipment	52,186
Mineral property interests	7,721,680
Accounts payable and accrued liabilities	(437,125)
Reclamation provision - long term	(520,134)
Deferred income tax	(1,696,787)
Net assets acquired	**10,570,789**
Consideration paid on asset acquisition:	**$**
Cash	6,978,100
Contingent consideration	3,412,275
Transaction costs - cash	180,414
Total consideration paid	**10,570,789**

The contingent consideration is structured around achieving specific operational milestones:

1. $2,500,000 USD upon commencement of an initial drilling program. ("Milestone 1")
2. $5,000,000 USD upon completion of a feasibility study. ("Milestone 2")
3. $10,000,000 USD upon the beginning of commercial production. ("Milestone 3")
4. $10,000,000 USD on the first anniversary of commercial production. ("Milestone 4")
5. $10,000,000 USD on the second anniversary of commercial production. ("Milestone 5")

Consideration payable is comprised of the $2,500,000 USD ($3,412,275 CDN) payable upon commencement of an initial drilling program. Given the current stage of the project and the uncertainty surrounding the achievement of Milestones 2, 3, 4, and 5, it is not possible to reliably estimate the probability of these events occurring. As a result, only Milestone 1, which is considered highly probable, will be recognized as part of the contingent consideration.

The Company recognizes a provision for environmental restoration and for the closure of its mining units corresponding to its legal obligation to restore the environment at the end of its operations. At the date of initial recognition of the liability arising from this obligation, measured at the estimated future value discounted to its present value.

(Expressed in Canadian Dollars)

5. Mineral property interests

	Alta Victoria Property $	Politunche Property $	Estrella $	San Luis $	Total $
October 1, 2022	3,506,341	138,971	-	-	3,645,312
Acquisitions/staking/assessments	87,847	30,002	48,521	-	166,370
Administrative	126,446	-	100,277	-	226,723
Geological and related expenditures	360,700	8,505	1,163	-	370,368
Legal expenses	16,727	3,698	4,085	-	24,510
Field equipment and related expenditures	29,921	6,812	2,001	-	38,734
Services	11,071	793	4,549	-	16,413
Personnel	276,558	7,649	7,515	-	291,722
Foreign exchange translation	(30,865)	(1,373)	(1,175)	-	(33,413)
June 30, 2023	**4,384,746**	**195,057**	**166,936**	**-**	**4,746,739**
October 1, 2023	-	-	254,571	-	254,571
Acquisitions/staking/assessments	36,660	-	-	7,467,958	7,504,618
Geological and related expenditures	7,677	-	136,020	124,659	268,356
Dues & fees	17,860	-	23,352	-	41,212
Legal expenses	7,535	1,962	3,652	2,181	15,330
Field equipment and related expenditures	19,503	-	23,205	-	42,708
Services	7,040	296	20,845	10,679	38,860
Personnel	117,313	16	114,760	8,338	240,427
Impairments/write-downs	(213,588)	(2,274)	-	-	(215,862)
Foreign exchange translation	-	-	-	-	(18,889)
June 30, 2024	**-**	**-**	**576,405**	**7,613,815**	**8,171,331**

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.

San Luis project

The San Luis Project is a high-grade gold-silver exploration property located in the Ancash department of central Peru. The Company acquired the project on May 23, 2024, through the purchase of 100% of the shares of Reliant Ventures S.A.C., which holds the rights to the San Luis Project. The San Luis Project is located approximately 450 kilometers north of Lima, in a region known for its rich mineral endowment.

As part of the acquisition agreement, the Company has agreed to pay SSR Mining Inc. an initial cash payment USD $5,000,000 (CAD $6,978,100) paid in cash (paid) and up to USD $37,500,000 in contingent consideration upon the achievement of specific project milestones (Note 4). These milestones include the commencement of drilling, completion of a feasibility study, and milestones related to commercial production. Additionally, SSR Mining Inc. retains a 4% net smelter return (NSR) royalty on the project. The Company has the option to buy back 2% of this royalty for USD $15,000,000 at any time prior to the commencement of mine construction.

5. **Mineral property interests** (continued)

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.

<u>Work Commitment and Royalty</u>

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.

<u>Surface Access</u>

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.

5. 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. During the nine months ended June 30, 2024, the Company recognized and subsequently wrote off $213,588 in additional exploration related costs.

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 Polituche Property to $nil. During the nine months ended June 30, 2024, the Company recognized and subsequently wrote off $2,274 in additional exploration related costs.

(Expressed in Canadian Dollars)

6. 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 nine months ended June 30, 2024, the Company holds 4,882,728 shares in escrow.

Transactions for the issue of share capital during the nine months ended June 30, 2024:

(a) On October 19, 2023, the Company completed a financing whereby 30,000,000 units were issued at $0.10 per unit for gross proceeds of $3,000,000. 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.

(b) On May 8, 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. The Company incurred $24,500 in share issue costs in respect of this financing.

(c) On May 24, 2024, upon the exercise of common share purchase warrants, 25,000 common shares were issued at $0.15 per share for proceeds of $3,750.

Transactions for the issue of share capital during the nine months ended June 30, 2023:

(d) 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.

(e) 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 issued 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 June 30, 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 June 30, 2024, and September 30, 2023 and changes during the period/year then ended is as follows:

	Period ended June 30, 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	(787,500)	0.58	(287,500)	0.59
Options outstanding, end of period/year	**2,475,000**	**0.51**	1,625,000	0.51

(Expressed in Canadian Dollars)

6. Share Capital (continued)

Stock options (continued)

As at June 30, 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
197,500	197,500	0.60	November 3, 2026
50,000	50,000	0.60	March 1, 2027
850,000	650,000	0.42	March 3, 2028
1,362,500	1,362,500	0.55	March 12, 2027
2,475,000	**2,275,000**	0.52	

The following table summarizes information about the stock options outstanding as at June 30, 2024:

Options #	Weighted average remaining life (years)	Weighted average exercise price $
15,000	1.11	0.54
197,500	2.35	0.60
50,000	2.67	0.60
850,000	3.68	0.42
1,362,500	2.70	0.55
2,475,000	**3.00**	**0.52**

During the nine months ended June 30, 2024, the Company granted 1,637,500 stock options to Directors, Officers and 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 nine months ended June 30, 2024 was approximately $0.35 per option for a total of $578,440.

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 nine months ended June 30, 2024 was $599,005 (2023 - $184,495), which is presented as an operating expense, and includes options that vested during the period.

During the nine months ended June 30, 2024, a total of 787,500 stock options were cancelled as a result of the resignation or termination of certain individuals. On cancellation, the original fair value of $291,893 was reversed from reserves 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 reserves and credited to deficit.

(Expressed in Canadian Dollars)

6. 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 June 30, 2024 and September 30, 2023 and changes during the period/year then ended is as follows:

	Period ended June 30, 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
Issued	30,000,000	0.15	-	-
Exercised	(25,000)	0.15	-	-
Expired	-	-	(9,100,002)	0.50
Warrants outstanding, end of period/year	**29,975,000**	**0.15**	-	-

The following table summarizes information about the warrants outstanding as at June 30, 2024:

Warrants #	Weighted average remaining life (years)	Weighted average exercise price $
29,975,000	2.30	0.15
29,975,000	**2.30**	**0.15**

7. 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 nine months ended June 30, 2024 and June 30, 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 nine months ended June 30, 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 nine months ended June 30, 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 $65,823.

(Expressed in Canadian Dollars)

7. Related party payables and transactions (continued)

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.

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 Nine months ended June 30, 2024 $	Transactions Nine months ended June 30, 2023 $	**Balances outstanding June, 2024 $**	Balances outstanding September 30, 2023 $
DBM CPA	80,888	55,738	5,250	5,250
Philip Anderson	-	42,639	-	-
Lyall Consult SPA	29	93,720	29	15,379
LE Geological Services	154,129	29,862	18,465	16,200
David Fincham	154,457	147,664	22,000	78,487
	389,503	369,623	**45,744**	115,316

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

(Expressed in Canadian Dollars)

8. Supplemental cash flow information

Changes in non-cash operating working capital during the nine months ended June 30, 2024 and June 30, 2023 were comprised of the following:

	June 30, 2024 $	June 30, 2023 $
Receivables	33,460	36,312
Prepaid expenses	(25,405)	3,213
Accounts payable and accrued liabilities	(19,664)	(124,411)
Net change	**(11,609)**	(84,886)

The Company incurred non-cash financing and investing activities the nine months ended June 30, 2024 and June 30, 2023 as follows:

	June 30, 2024 $	June 30, 2023 $
Non-cash financing activities		
Fair value reversal for cancelled stock options	(291,893)	-
Fair value reversal on exercise of warrants	(7,500)	-
	(299,393)	-
Non-cash investing activities		
Shares issued for acquisition of mineral properties	-	12,000
Deferred exploration expenditures included in accounts payable and accrued liabilities	92,613	60,837
	92,613	72,837

Further, there were no amounts paid for income taxes or interest during the nine months ended June 30, 2024 and June 30, 2023.

(Expressed in Canadian Dollars)

9. 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 June 30, 2024 is comprised of equity of $10,648,789 (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 cash equivalents, receivables, and accounts payable and accrued liabilities, and consideration payable.

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

Financial instruments measured at fair value on the financial 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 $
June 30, 2024				
Cash and cash equivalents	3,400,026	-	-	3,400,026
	3,400,026	**-**	**-**	**3,400,026**
September 30, 2023				
Cash	229,702	-	-	229,702
	229,702	-	-	229,702

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 and cash equivalents. 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 nine months ended June 30, 2024 and June 30, 2023, every 1% fluctuation in interest rates up or down would have had an insignificant impact on profit or loss.

9. 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 June 30, 2024 all of the Company's cash and cash equivalents 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 nine months ended June 30, 2024, and June 30, 2023.

10. Segmented information

The Company operates in one reportable operating segment being the acquisition, exploration, and evaluation of mineral properties in Canada and Peru. As at June 30, 2024, the Company holds non-current assets comprising mineral property interests of $8,171,331 (September 30, 2024 - $254,571), property and equipment of $72,925 (September 30, 2024 - $11,096), and value added tax receivable of $5,037,618 (September 30, 2024 - $nil) in Peru. The remainder of the Company's non-current assets are located in Canada.

11. Events after the reporting period

On July 29, 2024 the Company issued 75,000 common shares as performance bonus shares to the CEO, and 146,923 common shares as consideration for a former director cancelling 450,000 stock options.