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**PRISMO METALS INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Prismo Metals Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Prismo Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred losses since inception and had a working capital of \$82,327 as at December 31, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that the matter described below to be a key audit matter to be communicated in our auditor's report.

### *Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")*

As described in Note 15 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$5,820,296 as of December 31, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment whenever facts and circumstances suggest that the carrying amount exceeds the recoverable amount.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

#### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

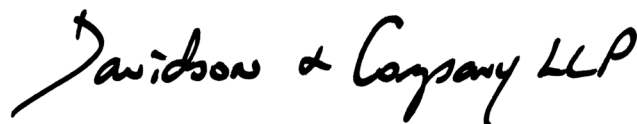
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 25, 2024

**Prismo Metals Inc.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	As at December 31, 2023	As at December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 132,792	\$ 2,581,225
Marketable securities (Note 4)	1,267,500	-
Receivables	22,253	26,875
Prepaid expenses	51,053	176,058
	<b>1,473,598</b>	<b>2,784,158</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 15)	5,820,296	2,038,015
<b>Total assets</b>	<b>\$ 7,293,894</b>	<b>\$ 4,822,173</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 1,150,825	\$ 244,330
Short-term loans (Note 6)	177,090	1,090
Due to related parties (Note 14)	63,356	31,757
<b>Total liabilities</b>	<b>1,391,271</b>	<b>277,177</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	8,055,009	5,819,192
Contributed reserves (Notes 10, 11, 12 and 13)	1,537,300	379,028
Shares to be issued (Note 7)	128,250	-
Deficit	(3,817,936)	(1,653,224)
<b>Total shareholders' equity</b>	<b>5,902,623</b>	<b>4,544,996</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,293,894</b>	<b>\$ 4,822,173</b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 20)

**Approved on behalf of the Board:**

(Signed) "Peter Craig Gibson", Director

(Signed) "Louis Doyle", Director

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

**Prismo Metals Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

<b>Year ended December 31,</b>	<b>2023</b>	<b>2022</b>
<b>Operating expenses</b>		
Office and administrative expenses (Note 16)	\$ 2,151,475	\$ 1,000,589
Realized loss on marketable securities (Note 4)	(65,737)	-
Fair value adjustment on marketable securities (Note 4)	52,500	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (2,164,712)</b>	<b>\$ (1,000,589)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding - basic and diluted (Note 9)</b>	<b>40,410,583</b>	<b>28,770,366</b>

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

**Prismo Metals Inc.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

Year ended December 31,	2023	2022
<b>Operating activities</b>		
Loss for the year	\$ (2,164,712)	\$ (1,000,589)
Fair value adjustment on marketable securities	(52,500)	-
Share-based payments	1,066,186	165,784
Realized loss on marketable securities	65,737	-
Changes in non-cash working capital items:		
Receivables	4,622	(23,364)
Prepaid expenses	125,005	(176,058)
Accounts payable and accrued liabilities	46,329	61,856
Due to related parties	31,599	(43,390)
<b>Net cash (used in) operating activities</b>	<b>(877,734)</b>	<b>(1,015,761)</b>
<b>Investing activities</b>		
Investment in exploration and evaluation assets	(2,677,740)	(1,110,715)
Proceeds from sale of marketable securities	339,263	-
<b>Net cash used in investing activities</b>	<b>(2,338,477)</b>	<b>(1,110,715)</b>
<b>Financing activities</b>		
Shares issued for cash	500,000	3,166,000
Shares issued on exercise of warrants	-	890,582
Shares issued on exercise of stock options	-	63,601
Share issue costs	(36,472)	(367,279)
Short-term loans	176,000	(20,503)
Shares subscription received in advance	128,250	-
<b>Net cash provided by financing activities</b>	<b>767,778</b>	<b>3,732,401</b>
<b>Net change in cash</b>	<b>(2,448,433)</b>	<b>1,605,925</b>
<b>Cash, beginning of year</b>	<b>2,581,225</b>	<b>975,300</b>
<b>Cash, end of year</b>	<b>\$ 132,792</b>	<b>\$ 2,581,225</b>
<b>Supplemental information</b>		
Non-cash financing activities:		
Share issuance costs settled	\$ 120,000	\$ -
Fair value of warrants exercised	-	101,264
Fair value of stock options exercised	-	46,072
Non-cash investing activities:		
Marketable securities acquired through strategic investment	\$ 1,500,000	\$ -
Shares issued for exploration and evaluation assets	244,375	-
Exploration and evaluation assets included in accounts payable	860,166	-

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

**Prismo Metals Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Contributed reserves	Shares to be issued	Deficit	Total
<b>Balance, December 31, 2021</b>	<b>21,228,723</b>	<b>\$ 1,976,962</b>	<b>\$ 302,570</b>	<b>\$ -</b>	<b>\$ (652,635)</b>	<b>\$ 1,626,897</b>
Issuance of shares from exercise of warrants	7,383,947	991,836	(101,254)	-	-	890,582
Issuance of shares from exercise of options	508,810	109,673	(46,072)	-	-	63,601
Private placement	6,550,000	3,108,000	58,000	-	-	3,166,000
Share issue costs	-	(367,279)	-	-	-	(367,279)
Share-based payments	-	-	165,784	-	-	165,784
Loss for the year	-	-	-	-	(1,000,589)	(1,000,589)
<b>Balance, December 31, 2022</b>	<b>35,671,480</b>	<b>\$ 5,819,192</b>	<b>\$ 379,028</b>	<b>\$ -</b>	<b>\$ (1,653,224)</b>	<b>\$ 4,544,996</b>
<b>Balance, December 31, 2022</b>	<b>35,671,480</b>	<b>\$ 5,819,192</b>	<b>\$ 379,028</b>	<b>\$ -</b>	<b>\$ (1,653,224)</b>	<b>\$ 4,544,996</b>
Strategic investment	4,000,000	1,900,000	220,000	-	-	2,120,000
Shares issued to agent	240,000	114,000	6,000	-	-	120,000
Share issue costs	-	(156,472)	-	-	-	(156,472)
RSUs converted to shares	360,000	133,914	(133,914)	-	-	-
Shares issued for exploration and evaluation assets	575,000	244,375	-	-	-	244,375
Shares subscription received in advance	-	-	-	128,250	-	128,250
Share-based payments	-	-	1,066,186	-	-	1,066,186
Loss for the year	-	-	-	-	(2,164,712)	(2,164,712)
<b>Balance, December 31, 2023</b>	<b>40,846,480</b>	<b>\$ 8,055,009</b>	<b>\$ 1,537,300</b>	<b>128,250</b>	<b>\$ (3,817,936)</b>	<b>\$ 5,902,623</b>

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



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**Prismo Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars, except where indicated)**

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

Prismo Metals Inc. (the "Company" or "Prismo") was incorporated under the provisions of the Canada Business Corporations Act on October 17, 2018, and registered as an extra-provincial corporation under the laws of British Columbia on November 6, 2018. The addresses of the Company's offices are:

- Administration: Suite 1100 – 1111 Melville St., Vancouver, BC V6E 3V6, Canada.
- Registry and Records: 800 Victoria Square, Suite 3700, Montreal, Quebec, H4Z 1E9.

The Company is in the business of acquisition and exploration of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

On October 1, 2020, the Company's shares started trading on the Canadian Securities Exchange (the "CSE") under the trading symbol PRIZ. On July 27, 2022, the Company commenced trading on the OTCQB ® under the symbol PMOMF. The Company's common shares continue to trade on the CSE under the symbol PRIZ.

The Company has incurred losses since inception, and had a working capital of \$82,327 as at December 31, 2023. Continued operations of the Company are dependent on the Company's ability to obtain private and/or public equity financing or to receive continued financial support from its controlling shareholders and other investors. There can be no assurance the Company will be successful in achieving these goals and, accordingly, there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and these adjustments could be material.

**2. Basis of preparation**

*(a) Statement of compliance*

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors ("Board") for issue on April 25, 2024.

*(b) Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash-flow information.

*(c) Basis of consolidation*

These consolidated financial statement includes the accounts of the Company and its wholly-owned subsidiary, Prismo Metals (Arizona) Inc., which was incorporated by the Company on December 7, 2023.

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**Prismo Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars, except where indicated)**

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**2. Basis of preparation (continued)**

*(c) Basis of consolidation (continued)*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

*(d) Functional and presentation currency*

In management's judgment the functional currency of the Company is the Canadian dollar. The presentation currency used in preparing the consolidated financial statements of the Company is the Canadian dollar.

*(e) Use of estimates and judgements*

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results may differ from these estimates.

*Critical accounting estimates*

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.
- iii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- iv. The determination of deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

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**Prismo Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars, except where indicated)**

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**3. Material accounting policy information**

a) Foreign currencies

Determination of functional currency

In determining the functional currency of the Company in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, the following was considered:

- the currency that mainly influences the cost of labour, materials, service and other costs of exploration and evaluation activities; and
- the currency used to maintain the amounts charged by operating activities.
- the currency of financing activities.

Foreign currency translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

b) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share are the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

c) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Any tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for taxable temporary differences except investments in subsidiaries and joint ventures where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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**Prismo Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars, except where indicated)**

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**3. Material accounting policy information (*continued*)**

c) Income taxes (*continued*)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

d) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options (including any estimated forfeitures). The fair value of direct awards of shares is determined by the quoted market price of the Company's stock.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

**Share appreciation right ("SAR")**

Under the long-term incentive plan (the "LTIP"), selected employees are granted SARs where each SAR entitling the recipient to receive a payment in common shares equal to the current market price less the grant price of the SAR as determined by the Board at the time of the grant for each SAR. The fair value is measured at the grant date and recognized over the period during which the SARs vest. The fair value of the SARs granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense (share-based payments) is adjusted to reflect the actual number of SARs that are expected to vest.

**Restricted stock unit ("RSU")**

Under the LTIP, selected employees are granted RSUs where each RSU has a value equal to one Prismo common share. RSUs are measured at fair value on the grant date. The fair value of RSUs are recognized as a charge to share-based payments as an office and administrative expense over the vesting period with a corresponding increase in equity.

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**Prismo Metals Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars, except where indicated)**

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**3. Material accounting policy information (*continued*)**

e) Exploration and evaluation assets

The exploration and evaluation phase of a mineral project is assumed to commence at the time the Company obtains the legal right to explore a property. Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Costs related to activities occurring before the exploration and evaluation of a project are expensed in the period in which they occur. Costs incurred during the exploration and evaluation phase are initially capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Under this method, all amounts shown as exploration and evaluation assets represent costs incurred to date less amounts amortized and/or written off and do not necessarily represent present or future values.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

If the properties are put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the properties are sold or abandoned, the expenditures will be charged to profit or loss. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property or cost recoveries when the payments are made or received.

f) Provision

Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no significant rehabilitation obligations as at December 31, 2023 and 2022.

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**3. Material accounting policy information (continued)**

f) Provision(continued)

Other provisions

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

g) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI.

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statement of comprehensive loss in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

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**3. Material accounting policy information (continued)**

h) Financial assets (continued)

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Below is a summary showing the classification and measurement bases of financial instruments:

<b>Financial Asset / Liability</b>	<b>IFRS 9 Classification</b>
Cash	Amortized Cost
Receivables	Amortized Cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Due to related parties	Amortized Cost
Short-term loans	Amortized Cost

i) Financial liabilities

Financial liabilities are carried at FVTPL or amortized cost and include accounts payable and accrued liabilities, due to related parties and short-term loans. They are initially recognized at the amount required to be paid, and subsequently measured at amortized cost using the effective interest rate method with gains or losses recorded in the consolidated statement of comprehensive loss.

j) New and upcoming standards

During the year ended December 31, 2023, the Company adopted amendments made to IAS 1 *Presentation of Financial Statements and IFRS Practice statement 2 Making Materiality judgements* in which guidance and examples are provided to help entities apply materiality judgements to accounting policy disclosures. The adoption of this amendment did not have a material impact on the consolidated financial statements.

Certain pronouncements were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable and none are expected to have a significant impact to the Company.

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**4. Marketable securities**

As at December 31, 2023, the Company's publicly traded investment consisted of the following:

<b>Public issuer</b>	<b>Security description</b>	<b>Cost</b>	<b>Unrealized gain</b>	<b>Fair market value</b>
Vizsla Silver Corp. ("Vizsla")	750,000 common shares	\$ 1,215,000	\$ 52,500	\$ 1,267,500

The Company received these marketable securities pursuant to a strategic investment with Vizsla. Refer to Note 8(b)(i).

During the year ended December 31, 2023, 250,000 common shares of Vizsla were sold for a gross proceeds of \$339,263 and a realized loss of \$65,737 was recorded in the consolidated statements of loss.

There were no marketable securities as at December 31, 2022.

**5. Accounts payable and accrued liabilities**

The Company's accounts payable and accrued liabilities are as follows:

	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Trade payables	\$ 946,436	\$ 178,312
Accrued liabilities and provisions	204,389	66,018
	<b>\$ 1,150,825</b>	<b>\$ 244,330</b>

**6. Short-term loans**

During the year ended December 31, 2021, the Company entered into two short-term promissory notes for an aggregate amount of \$30,000 which \$10,000 was due to a company controlled by a director of the Company. The loans bore a 6% annual interest rate, repayable at the time the principal amount is repaid. During the year ended December 31, 2023, the company entered into two short-term promissory notes for an aggregate amount of \$176,000. The loans bore no interest rate.

**7. Subscription received in advance for private placement**

As at December 31, 2023, the Company has received a total proceeds of \$128,250 for a non-brokered private placement completed subsequent to year end. Refer to Note 20.

**8. Share capital**

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. There are no restrictions on transfers.



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**8. Share capital (continued)**

b) Common shares issued

As at December 31, 2023, the issued share capital amounted to \$8,055,009. The change in issued share capital for the years presented were as follows:

	Number of Shares	Amount
<b>Balance, December 31, 2021</b>	21,228,723	\$ 1,976,962
Exercise of warrants (ii)	7,383,947	991,836
Exercise of stock options (iii)	508,810	109,673
Private placement(iv)(v)	6,550,000	3,108,000
Share issue costs	-	(367,279)
<b>Balance, December 31, 2022</b>	<b>35,671,480</b>	<b>\$ 5,819,192</b>
<b>Balance, December 31, 2022</b>	<b>35,671,480</b>	<b>\$ 5,819,192</b>
Strategic investment (i)	4,000,000	1,900,000
Shares issued to agent (i)	240,000	114,000
Shares issued for exploration and evaluation assets (Note 15(d))	575,000	244,375
RSUs converted to shares (Note 13)	360,000	133,914
Share issue costs	-	(156,472)
<b>Balance, December 31, 2023</b>	<b>40,846,480</b>	<b>\$ 8,055,009</b>

(i) On January 6, 2023, the Company completed a strategic investment with Vizsla for 4,000,000 units of the Company for aggregate consideration of \$2,120,000 with Vizsla acquiring a right of first refusal to purchase the Palos Verdes project from the Company. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at a price of \$0.75 for a period of two years. The 2,000,000 warrants were valued at \$220,000 using the residual value method. The consideration for the strategic investment consisted of a cash payment of \$500,000 at closing and 1,000,000 common shares of Vizsla valued at \$1,620,000. Refer to Note 4.

In addition, the Company issued 240,000 units to the agent valued at \$120,000. These units have the same terms as the units issued to Vizsla. The 120,000 warrants were value at \$6,000 using the residual value method.

(ii) During the year ended December 31, 2022, the Company issued an aggregate of 7,383,947 common shares on exercise of warrants for cash proceeds to the Company of \$890,582.

(iii) During the year ended December 31, 2022, the Company issued an aggregate of 508,810 common shares on exercise of stock options for cash proceeds to the Company of \$63,601.

(iv) On August 22, 2022, the Company closed a non-brokered private placement, issuing 750,000 common shares at a price of \$0.20 per share for gross proceeds of \$150,000. There was no finder fee paid in this private placement.

(v) On December 12, 2022, the Company closed a brokered private placement, issuing 5,800,000 common units at a price of \$0.52 per share for gross proceeds of \$3,016,000. Each unit comprises of one common share in the capital of the Company and one-half of one of a common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to acquire one additional common shares at a price of \$0.75 for a period of 3 years from the closing date of the offering. The warrants were valued at \$58,000 using the residual value method.

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**9. Loss per common share**

The calculation of basic loss per share for the year ended December 31, 2023 was based on the loss attributable to common shareholders of \$2,164,712 (year ended December 31, 2022 - loss of \$1,000,589) and the weighted average number of common shares outstanding for the year ended December 31, 2023 of 40,410,583 (year ended December 31, 2022 - 28,770,366). Diluted loss per share for the year ended December 31, 2023 and 2022 did not include the effect of stock options, SARs, warrants and RSU as they are anti-dilutive.

**10. Stock options**

The existing option plan (the "Plan") provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provided that the number of common shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding common shares. All options expire on a date not later than ten years after the date of grant of such option. Vesting is determined by the Board.

The following summarizes the stock option activity for the years ended December 31, 2023 and 2022:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2021</b>	<b>1,483,810</b>	<b>0.125</b>
Granted (i)(ii)(iii)	1,460,000	0.160
Exercised	(508,810)	0.125
<b>Balance, December 31, 2022</b>	<b>2,435,000</b>	<b>0.145</b>
<b>Balance, December 31, 2022</b>	<b>2,435,000</b>	<b>0.145</b>
Granted (iv)(v)	965,000	0.329
<b>Balance, December 31, 2023</b>	<b>3,400,000</b>	<b>0.198</b>

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2023:

Options outstanding	Exercise price (\$)	Options exercisable	Weighted average remaining contractual life (years)	Expiry date
200,000	0.170	200,000	0.52	July 7, 2024
150,000	0.460	150,000	1.09	January 31, 2025
975,000	0.125	975,000	1.75	September 30, 2025
500,000	0.150	500,000	3.39	May 19, 2027
760,000	0.165	760,000	3.49	June 26, 2027
815,000	0.305	203,750	4.58	July 27, 2028
<b>3,400,000</b>	<b>0.198</b>	<b>2,788,750</b>	<b>2.95</b>	

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**Prismo Metals Inc.**  
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**10. Stock options (continued)**

(i) On May 20, 2022, the Company granted an aggregate of 500,000 stock options to a director. Each option is exercisable into one common share of the Company at a price of \$0.150 per share for a period of five years. Vesting of the options is as follows: 25% as of the date of grant; 25% on August 19, 2022; 25% on November 19, 2022 and 25% on May 19, 2023. The grant date fair value of \$60,431 or \$0.12 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.150; expected dividend yield of 0%; risk-free interest rate of 2.70%; volatility of 112% and an expected life of 5 years.

(ii) On June 26, 2022, the Company granted an aggregate of 760,000 stock options to its directors and a consultant. Each option is exercisable into one common share of the Company at a price of \$0.165 per share for a period of five years. Vesting of the options is as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$101,305 or \$0.13 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.165; expected dividend yield of 0%; risk-free interest rate of 3.19%; volatility of 112% and an expected life of 5 years.

(iii) On July 7, 2022, the Company granted an aggregate of 200,000 stock options to a consultant. Each option is exercisable into one common share of the Company at a price of \$0.17 per share for a period of two years. Vesting of the options is as follows: 25% as of the date of grant and 25% every three-month thereafter. The grant date fair value of \$19,627 or \$0.10 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.170; expected dividend yield of 0%; risk-free rate of 3.19%; volatility of 110% and an expected life of 2 years.

(iv) On January 31, 2023, the Company granted an aggregate of 150,000 stock options to a consultant. Each option is exercisable into one common share of the Company at a price of \$0.460 per share for a period of two years. Vesting of the options are as follows: 25% as of the date of grant; 25% every three-months thereafter. The grant date fair value of \$43,830 or \$0.29 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.42; expected dividend yield of 0%; risk-free interest rate of 3.76%; volatility of 146% and an expected life of 2 years.

(v) On July 27, 2023, the Company has granted 815,000 incentive stock options, to certain directors, officers, and consultants of the Company. Each option is exercisable into one common share of the Company at a price of \$0.305 per share for a period of five years. Vesting of the options are as follows: 25% as of the date of grant; 25% every three-months thereafter. The grant date fair value of \$229,232 or \$0.28 per option was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.34; expected dividend yield of 0%; risk-free interest rate of 4.00%; volatility of 114% and an expected life of 5 years.

(vi) The portion of the estimated fair value of options granted in the current and prior periods and vested during the year ended December 31, 2023, amounted to \$267,950 (year ended December 31, 2022 - \$165,784).

**11. SARs**

In 2022, the Company's Board approved a long-term performance incentive plan, which included SARs. Key employees and directors are eligible to receive grants of SARs, entitling the recipient to receive a payment in common shares equal to the current market price less the grant price of the SAR as determined by the Board at the time of the grant for each SAR. Notwithstanding the foregoing, the Board may, in its sole discretion, satisfy payment of the entitlement in cash rather than in common shares. The exercise price of the SAR (the "SAR Grant Price") shall be determined by the Board at the time the SAR is granted. In no event shall the SAR Grant Price be lower than the discounted market price permitted by the CSE. SARs shall be granted on such terms as shall be determined by the Board and set out in the award agreement (including any terms pertaining to vesting and settlement), provided the term of any SAR granted under this Plan shall not exceed ten (10) years.

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**11. SARs (continued)**

The following summarizes the SARs activity for the years ended December 31, 2023 and 2022:

	Number of SARs	Weighted average exercise price (\$)
<b>Balance, December 31, 2021 and December 31, 2022</b>	-	-
<b>Balance, December 31, 2022</b>	-	-
Granted (i)(ii)	1,000,000	0.380
<b>Balance, December 31, 2023</b>	<b>1,000,000</b>	<b>0.380</b>

(i) On January 8, 2023, the Company granted an aggregate of 475,000 SARs to directors, officers and consultants. Each SAR is exercisable for a period of five years at a price \$0.475. Vesting of the SARs are as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$192,190 or \$0.405 per SAR was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.475; expected dividend yield of 0%; risk-free interest rate of 3.24%; volatility of 125% and an expected life of 5 years. For the year ended December 31, 2023, \$192,190 was expensed to share-based payments.

(ii) On July 27 2023, the Company granted an aggregate of 525,000 SARs to directors, officers and consultants. Each SAR is exercisable for a period of five years at a price \$0.305. Vesting of the SARs are as follows: 25% as of the date of grant and 25% every three-months thereafter. The grant date fair value of \$148,757 or \$0.283 per SAR was valued using the Black-Scholes valuation model with the following assumptions: share price \$0.283; expected dividend yield of 0%; risk-free interest rate of 4.00%; volatility of 114% and an expected life of 5 years. For the year ended December 31, 2023, \$128,024 was expensed to share-based payments

The following table reflects the Company's SARs outstanding and exercisable as at December 31, 2023:

SARs outstanding	Exercise price (\$)	SARs exercisable	Weighted average remaining contractual life (years)	Expiry date
475,000	0.475	475,000	4.02	January 8, 2028
525,000	0.305	131,250	4.58	July 27, 2028
<b>1,000,000</b>	<b>0.386</b>	<b>606,250</b>	<b>4.31</b>	

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**12. Warrants**

The following summarizes the warrant activity for the years ended December 31, 2023 and 2022:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2021</b>	<b>9,526,833</b>	<b>0.17</b>
Granted (Note 8(b)(v))	2,900,000	0.75
Exercised	(7,383,947)	0.12
<b>Balance, December 31, 2022</b>	<b>5,042,886</b>	<b>0.57</b>
<b>Balance, December 31, 2022</b>	<b>5,042,886</b>	<b>0.57</b>
Granted (Note 8(b)(i))	2,120,000	0.75
Expired	(1,442,886)	0.45
<b>Balance, December 31, 2023</b>	<b>5,720,000</b>	<b>0.67</b>

The following table reflects the Company's warrants outstanding and exercisable as at December 31, 2023:

Number of warrants	Exercise price (\$)	Expiry Date
350,000	0.10	August 12, 2024
350,000	0.10	October 11, 2024
2,900,000	0.75	December 12, 2025
2,120,000	0.75	January 6, 2025
<b>5,720,000</b>	<b>0.67</b>	

**13. RSU plan**

In 2022, the Company's Board approved a LTIP, which included RSUs. Key employees and directors (as such terms are defined in the LTIP), are eligible to receive grants of RSUs, entitling the holder to receive one common share for each RSU, subject to restrictions as the Board may, in its sole discretion, establish in the applicable award agreement.

On January 8, 2023, the Company granted 475,000 RSUs to officers, directors and consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 25% as of the date of grant and 25% every three-months thereafter.

On March 17, 2023, the Company granted 310,000 RSUs to consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 50% on June 17, 2023 and 50% on September 17, 2023.

On July 27, 2023, the Company granted 525,000 RSUs to officers, directors and consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 25% as of the date of grant and 25% every three-months thereafter.

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**13. RSU plan (continued)**

During the year ended December 31, 2023, 1,047,500 RSUs vested and 360,000 of these RSUs converted to common shares with a value \$133,914.

Compensation for the year ended December 31, 2023 related to the vesting of RSUs was \$490,215, and was recorded as a share-based payments in the consolidated financial statement of loss and comprehensive loss.

	<b>RSUs outstanding</b>
<b>Balance, December 31, 2021 and December 31, 2022</b>	-
<b>Balance, December 31, 2022</b>	-
Granted	1,310,000
Converted to common shares	(360,000)
<b>Balance, December 31, 2023</b>	<b>950,000</b>

**14. Related party transactions**

Key management personnel comprise the Chief Executive Officer, the Chief Financial Officer and Corporate Secretary and the Directors of the Company.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board.

Transactions with key management personnel and other related parties of the Company was as follows:

<b>For the year ended December 31,</b>	<b>2023</b>	<b>2022</b>
Consulting fees paid or accrued to a company controlled by the former Chief Financial Officer of the Company:	\$ -	\$ 6,279
Consulting fees paid to the Chief Executive Officer of the Company for supervision of exploration programs:	<b>93,812</b>	117,421
Accounting fees paid to Marrelli Support Services Inc., a company controlled by the Chief Financial Officer of the Company:	<b>36,448</b>	35,847
Share-based payments:	<b>660,191</b>	72,365

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**14. Related party transactions (continued)**

In addition to the above transactions, both the ProDeMin Option (Note 15(a)) and the Cascabel Option (Note 15(c)) are related party transactions, as ProDeMin is controlled by a director of the Company, and two directors of the Company have an interest in the project related to the Cascabel option.

The following amounts were due to related parties:

<b>December 31,</b>	<b>2023</b>	<b>2022</b>
Amounts owed to the President of the Company in consulting fees and reimbursable expenses:	\$ 26,823	\$ 25,103
Amounts owed to Marrelli Support Services Inc., a company controlled by the Chief Financial Officer of the Company:	25,634	2,587
Amount owed to a company controlled by the directors of the Company	10,899	4,067
	<b>\$ 63,356</b>	<b>\$ 31,757</b>

**15. Exploration and evaluation assets**

a) ProDeMin Option

On May 7, 2019, the Company entered into an Option Agreement with ProDeMin, a company incorporated under the laws of Mexico and carrying mineral exploration contracting activities and controlled by a director of the Company (the "ProDeMin Option"). Pursuant to the terms of the ProDeMin Option, ProDeMin granted the Company an option to earn up to 75% interest in the Palos Verdes property, located in the state of Sinaloa, Mexico, over a period of five years, as follows:

- on May 10, 2019, the Company paid ProDeMin US \$25,000 in cash (paid);
- on August 12, 2019, the Company issued ProDeMin 2,000,000 units with a fair value of \$0.05 per unit; each unit consisted of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring on the fifth anniversary of the date of issuance of these units;
- on August 12, 2019, the Company reimbursed ProDeMin for expenditures already incurred in the amount of \$25,000 by the issuance of 500,000 common shares with a fair value of \$0.05 per share (issued); and
- the Company is required to incur US \$1,500,000 in exploration expenses over the five-year period of the ProDeMin Option, pay an additional US \$46,823 and issue ProDeMin an additional 2,000,000 common shares, as follows:
  - on December 31, 2021, the Company paid ProDeMin an amount of US \$21,823 upon the Company's closing of its first financing following the listing of its common shares on a recognized CSE;
  - incurred a minimum of \$100,000 in exploration expenditures within the first two years of the date of the ProDeMin Option, and by paying all fees and duties required to maintain the mineral concessions in good standing;
  - pay US \$25,000 to ProDeMin and incurred a minimum of US \$100,000 in exploration expenditures on the property for each of the third and fourth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing;

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**15. Exploration and evaluation assets (continued)**

a) ProDeMin Option (continued)

- Issue to ProDeMin, or as directed by ProDeMin, 2,000,000 common shares, and incurring a minimum of US \$500,000 in expenditures on the Property in the fifth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing; and
- the following payments have been or are to be made:

	<b>USD</b> <b>\$</b>
On or before May 20, 2019 (paid)	15,000
6 months from the above date (paid)	25,000
12 months from the above date (paid)	25,000
18 months from the above date (paid)	25,000
24 months from the above date (paid)	25,000
30 months from the above date (paid)	25,000
36 months from the above date (paid)	50,000
48 months from the above date (paid)	50,000
<b>Total payments</b>	<b>240,000</b>

b) Option for remaining 25% stake in Palos Verdes

On November 30, 2020, the Company entered into an option agreement with the underlying owner of the remaining 25% of the Palos Verdes property (the "Palos Verdes 25% Agreement"), thus securing the possibility of earning up to 100% interest in the property. Under the terms of the Palos Verdes 25% Agreement, the Company will make aggregate payments of US \$250,000 over a period of four years (US \$90,000 paid) and issued 100,000 share purchase warrants (issued) with an exercise price of \$0.35 and valid for two years. The schedule of cash payments is as follows:

	<b>USD</b> <b>\$</b>
On or before November 30, 2020 (paid)	30,000
6 months from the above date (paid)	15,000
12 months from the above date (paid)	15,000
18 months from the above date (paid)	15,000
24 months from the above date (paid)	15,000
30 months from the above date (paid)	25,000
36 months from the above date (paid)	25,000
42 months from the above date (paid)	50,000
48 months from the above date	60,000
<b>Total payments</b>	<b>250,000</b>

During the year ended December 31, 2023, the Company sold a right of first refusal on sale of the project. Refer to Note 8(b)(i).



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**15. Exploration and evaluation assets (continued)**

c) Cascabel Option

On October 11, 2019, the Company entered into an Option Agreement with Cascabel (the "Cascabel Option"). Pursuant to the terms of the Cascabel Option, Cascabel grants the Company an option to earn up to 100% in the Los Pavitos concession, located in the state of Sonora, Mexico, over a period of five years, as follows:

- on October 11, 2019, the Company issued Cascabel 2,000,000 units with a fair value of \$0.05 per unit; each unit consisting of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring of the fifth anniversary of the date of issuance of these units (issued); and
- the Company is required to maintain the Los Pavitos concession in good standing. During the year ended December 31, 2020, the Company reimbursed Cascabel for \$137,796 for concession dues that were due for 2019 and 2020. The Company is temporarily delinquent for payment of mineral concession dues corresponding to the first semester of 2021 of approximately US \$35,000 and a similar amount for the second semester of 2021 as well as approximately US \$65,000 corresponding to the first semester of 2022 for working capital preservation.

For the exercise of the option, the Company will be required to incur US \$1,500,000 in exploration expenses over the five-year period of the Cascabel Option, pay an additional US \$500,000 and issue Cascabel an additional 2,000,000 common shares. The yearly minimum expenditures, payments and issuance of shares to Cascabel are as follows:

<b>Period</b>	<b>Work commitment</b>	<b>Cash payment (USD)</b>	<b>Shares issued</b>	<b>Other requirements</b>
First two years, cumulative	\$ 75,000	nil	nil	Technical report to NI 43-101 standards
Each of the third and fourth years	\$ 100,000	\$100,000	nil	nil
Fifth year	\$ 500,000	\$300,000	2,000,000	Drilling program of at least 2,500 metres

The Company will perform sufficient assessment work to satisfy the applicable government work commitment costs on the property; and

The Company will maintain the mineral concessions in good standing.

d) Hot Breccia Option

On February 1, 2023, the Company signed a definitive agreement (the "Agreement") with Infinitum Copper Corp. ("Infinitum") to acquire a 75% interest in the Hot Breccia porphyry copper-skam project (the "Hot Breccia Option") located in Arizona copper belt. Under the terms of the Agreement, the Company paid \$350,000 in cash and issued 500,000 common shares at a price of \$0.425 per share for a value of \$212,500, in addition to assuming certain earn-in obligations of Infinitum under the option agreement with Walnut Mines LLC, in order to acquire a 75% ownership interest in Hot Breccia Option.

**Earn-in obligations to Walnut:**

<b>As at Jan 31,</b>	<b>Work commitments</b> <i>To be satisfied by Prismo</i>	<b>Property Payments</b> <i>To be made by Prismo</i>	<b>Share payments</b> <i>To be made by Infinitum</i>
2024	\$500,000	\$165,000	250,000 shares
2025	1,000,000	100,000	500,000 shares
2026	1,750,000	275,000	875,000 shares
2027	2,000,000	-	750,000 shares
<b>Total</b>	<b>5,250,000</b>	<b>540,000</b>	<b>2,375,000 shares</b>

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**15. Exploration and evaluation assets (continued)**

d) Hot Breccia Option (continued)

In connection with the transaction, the Company also issued to an arm's-length party 75,000 common shares valued at \$31,875 as an advisory fee.

The Company has incurred the following exploration and evaluation investments:

	<b>CAD</b>
<b>Balance, December 31, 2021</b>	<b>\$ 927,300</b>
<u>ProDeMin Project</u>	
Concession payments under the ProDeMin Option - paid	15,000
Palos Verdes remaining 25% option-cash	223,134
Drilling and related	724,560
Payments under the ProDeMin Option for remaining 25%	19,426
Other	128,595
<b>Additions to ProDeMin Project</b>	<b>1,110,715</b>
<b>Balance, December 31, 2022</b>	<b>\$ 2,038,015</b>
<u>ProDeMin Project</u>	
Concession payments under the Cascabel Option (payable)	111,795
Palos verdes remaining 25% option - cash	162,173
Drilling	1,606,457
Other	20,183
<b>Additions to ProDeMin Project</b>	<b>1,900,608</b>
<u>Hot Breccia Project</u>	
Option payment	616,316
Drilling	89,642
Other	234,163
<b>Additions to Hot Breccia Project</b>	<b>940,121</b>
<u>Los Pavitos Project</u>	
Option payment	229,964
Drilling	640,889
Other	70,699
<b>Additions to Los Pavitos Project</b>	<b>941,552</b>
<b>Balance, December 31, 2023</b>	<b>\$ 5,820,296</b>

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**16. Office and administrative expenses**

Year ended December 31,	2023	2022
Conference and investor relations	\$ 130,949	\$ 23,797
Consulting fees	148,745	450,370
Foreign exchange loss	68,054	53,896
Marketing expense	281,881	-
Office and administration	26,010	15,002
Professional fees (Note 14)	134,402	127,678
Regulatory and transfer agent fees	121,094	101,625
Stock exchange, authorities and communication	10,466	32,791
Share-based payments (Note 10, 11, 13 and 14)	1,066,186	165,784
Travel, meals and conventions	148,688	29,646
Interest expense	15,000	-
	<b>\$ 2,151,475</b>	<b>\$ 1,000,589</b>

**17. Financial Instruments**

The Company classifies cash, receivables, marketable securities, accounts payable and accrued liabilities, short-term loans and due to related parties at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

**a) Currency Risk**

As at December 31, 2023, all of the Company's cash was held either in Canadian dollars or US dollars. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs. However, at this stage, the Company believes that the currency risks are immaterial. A 10% change in rates, based on USD balance of cash would affect the Company by \$347, during a twelve-month period.

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**17. Financial Instruments (continued)**

**b) Interest rate and credit risk**

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

The Company has cash balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. However, the Company does not have any interest-bearing debt.

**c) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had current assets balance of \$132,792 to settle current liabilities of \$1,391,271. The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as funding its exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

**d) Price risk**

The Company's marketable securities are subject to fair value fluctuations. As at December 31, 2023, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, profit and loss for the year ended December 31, 2023, would have been approximately \$253,500 lower/higher. Similarly, as at December 31, 2023, the Company's reported shareholders' equity would have been approximately \$253,500 higher/lower as a result of a 20% increase/decrease in marketable securities.

**18. Capital management**

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. Capital is comprised of the Company's shareholders' equity. The Company's main source of funds is from the funds received from private and or public investors (Notes 8).

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment.

The Company considers cash to include amounts held in banks. The Company will place its cash with institutions of high credit worthiness.

The Company is not subject to any externally imposed capital requirements and there has been no changes in approach for the years presented.

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**19. Income taxes**

Provision for income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 - 27%) to the effective tax rate is as follows:

	December 31 2023	December 2022
Combined Canadian federal and provincial statutory income tax rates	27.00 %	27.00 %
Loss before income taxes	\$ (2,164,712)	\$ (1,000,589)
Expected income taxes owing (recovery)	(584,000)	(270,000)
Adjustment to prior year provision	86,000	-
Increase (decrease) to the income tax benefit resulting from:		
Share issue cost	-	(99,000)
Permanent differences	290,000	(45,000)
Other	(10,000)	(22,000)
Change in benefit of tax assets not recognized	218,000	436,000
Income tax (recovery) expense	\$ -	\$ -

Future Income tax benefits which may arise as a result of non-capital losses and unclaimed foreign exploration and development expenditures have not been recognized in these financial statements as their realization is uncertain.

The significant components of the Company's future income tax assets are as follows:

	December 31 2023 \$	December 31 2022 \$
Deferred tax assets:		
Share issue costs	-	116,000
Non-capital losses available for future period	41,000	455,000
	41,000	571,000
Unrecognized deferred tax assets	-	(571,000)
Marketable securities	(39,000)	-
Share issuance costs	(2,000)	-
<b>Net deferred tax assets</b>	-	-

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**20. Subsequent events**

i) On April 5, 2024, the Company completed a debt settlement agreement with certain creditors of the Company and issued an aggregate of i) 2,883,692 common shares of the Company at a price of \$0.17 per common share in full and final settlement of accrued and outstanding indebtedness in the aggregate amount of \$552,570. The settlement included shares issued to ProDeMin, (a total of 588,235 common shares) an exploration services company located in Mexico and controlled by our President & CEO Dr. Gibson; to Walnut Mines LLC, an Arizona based company which owns the Hot Breccia project (a total of 832,571 common shares), and as consideration of an option payment on the Palos Verdes property (a total of 200,000 common shares).

The Company completed a non-brokered private placement for one subscription of 754,411 units of the Company at a price of \$0.17 per unit for total gross proceeds of \$128,250 (refer to Note 7). Each unit consist of one common share and one-half common share purchase warrant. Each warrant is exercisable for one additional common share at an exercise price of \$0.25 for a period of 24 months.

The Company issued 200,000 common shares pursuant to the exercise of stock options for proceeds of \$34,000.

ii) On April 9, 2024, the Company granted 550,000 incentive stock options, to certain consultants of the Company subject to certain vesting requirements. Each stock option is exercisable upon vesting into one common share of the Company at a price of \$0.20 per option Share, for a period of five years. Vesting of the options is as follows: 1/4 on the date which is 3 months after the date of grant and 1/4 every 3 months thereafter.

The Company also granted 200,000 RSUs to consultants of the Company under the terms of the RSU Plan. Vesting of the RSUs are as follows: 1/4 on the date which is the 3 months after the date of grant, and 1/4 every 3 months thereafter.

The Company granted 550,000 SARs to consultants of the Company. Each SAR is exercisable for a period of five years at a price of \$0.20. Vesting of the SARs are as follows: 1/4 on the date which is the 3 months after the date of grant, and 1/4 every 3 months thereafter.

iii) On April 11, 2024, 462,500 RSUs were converted to common shares.