REYNA GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

Contents

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reyna Gold Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing. These matters, along with other matters as set forth in Note 1, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3(i) – Significant accounting judgements and estimates, note 3(d) – Accounting policy for Exploration and evaluation assets and note 4 Exploration and evaluation assets and mineral exploration expenses	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in

Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and 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 James Roxburgh.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
April 26, 2024

REYNA GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		$ 980,586	$ 5,771,307
Receivables		2,243	2,609
Prepaid expenses		15,424	128,108
		998,253	5,902,024
Non-current			
Exploration and evaluation assets	4	602,244	1,174,248
VAT receivables		1,014,660	585,121
		1,616,904	1,759,369
		$ 2,615,157	$ 7,661,393
LIABILITIES			
Current			
Trade and other payables		$ 50,741	$ 27,965
Due to related parties	6	11,648	21,000
		62,389	48,965
SHAREHOLDERS' EQUITY			
Common shares	5	13,437,043	13,420,668
Reserves	5	2,745,742	2,503,388
Deficit		(13,630,017)	(8,311,628)
		2,552,768	7,612,428
		$ 2,615,157	$ 7,661,393

Nature of operations and continuance of operations (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on April 26, 2024.

Approved by the Board of Directors:

"Alex Langer"	*"Jorge Ramiro Monroy"*
Alex Langer	Jorge Ramiro Monroy

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

REYNA GOLD CORP.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note	For the years ended December 31 2023	2022
Exploration expenses	4	$ 2,833,866	$ 2,461,442
Administrative expenses			
Accounting and audit	6	151,179	148,818
Bank charges		2,145	3,131
Consulting	6	173,665	243,798
Legal		21,093	45,227
Listing fees		38,283	53,131
Management and director fees	6	559,992	612,245
Marketing		498,362	894,374
Office		100,591	112,963
Share-based payments		13,001	137,239
Foreign exchange loss		42,238	1,439
		1,600,549	2,252,365
Other items			
Interest income		(7,474)	(138)
Write-off of exploration and evaluation assets	4(a)	891,448	-
Net loss before income taxes		5,318,389	4,713,669
Other comprehensive income			
Cumulative translation adjustment		(238,853)	(156,829)
Total comprehensive loss for the year		$ 5,079,536	$ 4,556,840
Basic and diluted loss per share		$ 0.08	$ 0.07
Weighted average number of common shares outstanding		67,063,687	66,792,622

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

REYNA GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

		Common Shares		Reserves					
	Note	Number of shares	Amount	Equity-settled employee benefits	Finder's warrants	Foreign exchange reserve	Total	Deficit	Total shareholders' equity
Balance as at December 31, 2021		66,756,221	$ 13,384,418	$ 1,775,600	$ 487,846	$ (54,126)	$ 2,209,320	$ (3,597,959)	$ 11,995,779
Shares issued:									
Pursuant to exploration and evaluation asset	5(b)	250,000	36,250	-	-	-	-	-	36,250
Share-based payments		-	-	137,239	-	-	137,239	-	137,239
Net loss and comprehensive loss		-	-	-	-	156,829	156,829	(4,713,669)	(4,556,840)
Balance as at December 31, 2022		**67,006,221**	**13,420,668**	**1,912,839**	**487,846**	**102,703**	**2,503,388**	**(8,311,628)**	**7,612,428**
Shares issued:									
Restricted Stock Unit (RSU) vested	5(b)	100,000	9,500	(9,500)	-	-	(9,500)	-	-
Pursuant to property option agreement	5(b)	125,000	6,875	-	-	-	-	-	6,875
Share-based payments		-	-	13,001	-	-	13,001	-	13,001
Net loss and comprehensive loss		-	-	-	-	238,853	238,853	(5,318,389)	(5,079,536)
Balance as at December 31, 2023		**67,231,221**	**$ 13,437,043**	**$ 1,916,340**	**$ 487,846**	**$ 341,556**	**$ 2,745,742**	**$ (13,630,017)**	**$ 2,552,768**

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

REYNA GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Note	For the years ended December 31 2023	2022
Cash provided by (used for):			
Operating activities			
Net loss		$ (5,318,389)	(4,713,669)
Items not involving cash:			
Share-based payments		13,001	137,239
Write-off of exploration and evaluation assets		891,448	-
Changes in non-cash working capital items:			
Receivables		366	33,566
Prepaid expenses		112,684	213,568
VAT receivables		(356,367)	(461,361)
Trade and other payables		22,776	(94,284)
Due to related parties		(9,352)	(6,598)
Foreign exchange		73,954	106,784
Cash used in operating activities		(4,569,879)	(4,784,755)
Investing activities			
Net expenditures on the exploration and evaluation assets		(239,779)	(322,464)
Cash used in investing activities		(239,779)	(322,464)
Net decrease in cash		(4,809,658)	(5,107,219)
Foreign exchange effect on cash		18,937	9,473
Cash - beginning of the year		5,771,307	10,869,053
Cash - end of the year		$ 980,586	$ 5,771,307
Supplemental disclosure with respect to cash flows:			
Common share issued pursuant to RSU vested		$ 9,500	$ -
Common share issued persuant to property acquisition		$ 6,875	$ -
Common share issuance pursuant to exploration and evaluation asset acquisition		$ -	$ 36,250

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

(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Reyna Gold Corp. (the "Company" or "Reyna Gold") was incorporated on October 10, 2017 under the name of R1 Capital Corp. and changed its name to Reyna Gold Corp. on January 28, 2021. The Company is domiciled in Canada under the Business Corporations Act (British Columbia). Its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. On January 11, 2022, the Company completed its initial public listing and began trading on the TSX Venture Exchange (the "Exchange") under the symbol "REYG". On March 15, 2022, the Company began trading on the OTCQB Markets Exchange in the United States under the symbol "REYGF".

The Company's principal business activity is the acquisition and exploration of mineral properties.

These consolidated financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes 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 in the normal course of operations. The Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

	December 31, 2023	December 31, 2022
Deficit	$ (13,630,017)	$ (8,311,628)
Working capital	$ 935,864	$ 5,853,059

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

2. BASIS OF PREPARATION *(Continued)*

(b) New accounting standards and interpretations

The Company adopted the following new and revised standards, amendments and interpretations that have been issued:

- Presentation of financial statements

  An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The application of the above new and revised standards, amendments and interpretations had no material impact on the Company's results and financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the Company and the two entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company's subsidiaries are:

	% of ownership	Jurisdiction	Principal activity
Minera Reyna Dorada, S.A.P.I. de C.V.	100%	Mexico	Exploration company
Exploradora San Pedro, S.A.P.I. de C.V.	100%	Mexico	Exploration company

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

Inter-company balances and transactions
Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiaries in Mexico is the Mexican peso. Exchange differences arising from the translation of the subsidiaries' functional currency into the Company's presentation currency are taken directly into the foreign exchange reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Foreign currencies *(Continued)*

Subsidiary

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in the foreign entity are taken to the foreign exchange reserve included in Reserves. When a foreign operation is sold, such exchange differences are recognized in the statement of loss as part of the gain or loss on sale.

(c) Measurement uncertainty

The preparation of these financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(d) Exploration and evaluation assets

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. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where they are 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.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Exploration and evaluation assets *(Continued)*

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

(e) Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

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 more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Share-based payment transaction

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options 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 is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

The Company grants restricted share units ("RSUs") to certain of its employees, directors and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant based on the market price of the Company's common shares as at that date.

(h) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants, if any, would be anti-dilutive for the period presented and accordingly, basic and diluted losses per share are the same.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid. The functional currency of its subsidiaries in Mexico is the Mexican peso. The Company chooses to report in Canadian dollar as the presentation currency;
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable; and
- The determination that the Company will continue as a going concern for the next year.

(j) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss (“FVTPL”), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period which it arises.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Financial instruments *(Continued)*

Impairment of Financial Assets at Amortized Cost

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

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its trade and other payables and due to related parties as financial liabilities held at amortized cost.

4. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

MEXICO

(a) La Gloria Property

Under the terms of the option agreement acquired with Minera Reyna Dorada S.A. de C.V., the Company had the option to earn a 100% interest in the La Gloria (DASA) property by paying US$1,200,000 over a 4-year period.

On September 1, 2023, the Company terminated the option agreement and wrote off $895,684 as of December 31, 2023.

On April 28, 2021, the Company entered into an agreement whereby it acquired exclusive access to the La Gloria (Canasta-Dorada) Property for a period of twelve months in exchange for US$30,000 (paid) and the issuance of 40,000 common shares (issued).

The Company also retained the option to enter into a definitive assignment agreement with the owner whereby the company earned a 100% interest in the property in exchange for US$100,000 (paid in April 2022) and the issuance of 250,000 common shares (issued in November 2022; Note 5(b)). The Company is responsible for the mining taxes owed on the claims in the amount of 59,459,228 Mexican pesos (approximately $3.7 million).

The owner retained a 2.0% net smelter returns royalty on the property, of which each 1.0% can be purchased by the Company at any time for US$1,000,000.

(b) Don Porfirio Property

On April 26, 2021, the Company entered into an agreement whereby it acquired exclusive access to the Don Porfirio Property for a period of twelve months in exchange for US$10,000 (paid). The Company and the owner of the property are in the process of applying to the Mexican Mining Bureau for the revocation of the cancellation of certain claims.

During the year ended December 31, 2023, the Company exercised the option to extend the twelve-month period by an additional twelve months.

The Company also retains the option to enter into a definitive assignment agreement with the owner of the claims to earn a 100% interest in the property in exchange for a maximum of US$115,000. Should the Company enter into the definitive assignment agreement they will be responsible for the mining taxes owed on the claims in the amount of 6,516,563 Mexican pesos (approximately $405,000).

(c) El Durazno Property

On July 19, 2021, the Company entered into an option agreement with Reyna Silver Corp. (“RSLV”) whereby the Company has the option to earn a 51% interest in the El Durazno property by paying $20,000 (paid) and by incurring $500,000 in exploration expenditures on the property before July 19, 2025.

RSLV and the Company have directors in common.

4. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES *(Continued)*

MEXICO *(Continued)*

(d) La Centella Property

On August 30, 2021, the Company entered into a data transfer agreement whereby the Company obtained certain geological, geochemical and geophysical data related to the La Centella property by issuing 2,000,000 common shares of the Company (issued). These common shares are subject to a three-year lock-up agreement where they will be released as per 10% on the date that the Company obtains the Exchange's bulletin regarding public listing; and 15% every six months thereafter. On January 11, 2022, 200,000 common shares were released pursuant to this lock-up agreement. A total of 1,200,000 common shares were released pursuant to this lock-up agreement in July 2022, January 2023 and July 2023. Subsequently, another 300,000 common shares were released in January 2024.

On August 30, 2021, the Company also entered into an option agreement with the same party to earn 100% interest in the La Centella property by incurring US$500,000 in exploration expenditures on the property over a period of four years. Should the Company exercise the option and earn a 100% interest in the property, they will be responsible for the mining taxes owed on the claims in the amount of 6,637,467 Mexican pesos (approximately $400,000).

The owner will retain a 2.0% net smelter returns royalty on the property. Upon commercial production, the owner will receive US$2,000,000 payable in the Company's shares.

(Presented in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES *(Continued)*

UNITED STATES

(e) Gryphon Summit

On August 29, 2023, the Company and RSLV entered into a property option agreement (the "Agreement") with Golden Gryphon USA Inc. ("Gryphon") to jointly earn up to a 70% interest in the Gryphon Summit Property, located in Eureka and Elko counties, Nevada.

The Company and RSLV have formed an unincorporated joint venture ("Reyna JV") for the purpose of holding the option. The option is subject to the Reyna JV performing the following by April 30, 2027:

(i) Expending a total of US$9,500,000 on the project;
(ii) Making cash payments jointly to Gryphon in the aggregate amount of US$1,100,000; and
(iii) Issuing a total of 1,200,000 common shares in the capital of the Company and 1,200,000 common shares in the capital of RSLV to Gryphon. Upon completion of the option, Gryphon and Reyna JV will enter a joint venture to continue exploration and development of the project.

To complete its full 70% earn-in under the Agreement, Reyna JV must complete the following:

Date/Period	Cash Payments	Common Shares Of the Company	Expenditures
On the Effective Date	US$100,000 (paid)	None	None
With 5 business days of the acceptance of the agreement	None	125,000 (issued)	None
On or before April 30, 2024	US$100,000	None	US$500,000
On or before October 31, 2024	US$100,000	None	None
On or before April 30, 2025	US$150,000	125,000	US$2,000,000
On or before October 31, 2025	US$150,000	None	None
On or before April 30, 2026	US$250,000	200,000	US$3,000,000
On or before October 31, 2026	US$250,000	None	None
On or before April 30, 2027	None	750,000	US$4,000,000

Gryphon will be granted a 2% net smelter returns royalty on the Project (subject to a 50% buy down right to a 1% royalty), except that the part of the property comprising the eight patented mining claims will be subject only to a 1% net smelter returns royalty (not subject to further buy-down) (the "NSR Agreement"). The terms of the NSR Agreement will be negotiated on or before April 30, 2025.

(Presented in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES *(Continued)*

	Mexico				USA	
	La Gloria	**Don Porfirio**	**El Durazno**	**La Centella**	**Gryphon Summit**	**Total**
Exploration and evaluation assets						
As of January 1, 2022	$ 515,804	$ 12,337	$ 20,000	$ 240,000	$ -	$ 788,141
Acquisition during the year	358,713	-	-	-	-	358,713
Foreign currency translation	25,923	1,471	-	-	-	27,394
As of December 31, 2022	900,440	13,808	20,000	240,000	-	1,174,248
Acquisition during the year	172,104	-	-	-	74,550	246,654
Write-off during the year	(895,684)	-	-	-	-	(895,684)
Foreign currency translation	75,300	1,726	-	-	-	77,026
As of December 31, 2023	$ 252,160	$ 15,534	$ 20,000	$ 240,000	$ 74,550	$ 602,244
Mineral exploration expenses for the year ended December 31, 2023						
Mineral taxes	$ 5,536	$ 588	$ -	$ -	$ -	$ 6,124
Consulting and reporting	-	970	-	-	-	970
Geology and exploration	1,542,736	-	-	-	256,509	1,799,245
Storage and equipment	427,915	-	-	-	2,155	430,070
Drilling	597,457	-	-	-	-	597,457
	$ 2,573,644	$ 1,558	$ -	$ -	$ 258,664	$ 2,833,866
Mineral exploration expenses for the year ended December 31, 2022						
Mineral taxes	$ 2,104	$ 60	$ -	$ -	$ -	$ 2,164
Geology and exploration	1,555,037	2,416	-	-	-	1,557,453
Storage and equipment	126,159	-	-	-	-	126,159
Drilling	775,666	-	-	-	-	775,666
	$ 2,458,966	$ 2,476	$ -	$ -	$ -	$ 2,461,442
Cumulative mineral exploration expenses up to December 31, 2023						
Mineral taxes	$ 11,968	$ 648	$ -	$ 87	$ -	$ 12,703
Consulting and reporting	104,563	970	-	-	-	105,533
Geology and exploration	3,439,662	14,031	-	1,395	256,509	3,711,597
Mapping	71,257	-	-	-	-	71,257
Storage and equipment	577,404	-	-	-	2,155	579,559
Drilling	1,373,123	-	-	-	-	1,373,123
Other expenses	15,150	2,124	-	-	-	17,274
	$ 5,593,127	$ 17,773	$ -	$ 1,482	$ 258,664	$ 5,871,046

5. SHARE CAPITAL

(a) Authorized:

At December 31, 2023, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

During the year ended December 31, 2022:

On November 8, 2022, the Company issued 250,000 common shares at a price of $0.145 per share for a fair value of $36,250 pursuant to the La Gloria (Canasta-Dorada) property agreement (Note 4(a)).

During the year ended December 31, 2023:

On July 13, 2023, the Company issued 100,000 common shares pursuant to the 100,000 RSUs vested during the period (Note 6(d)).

On November 30, 2023, the Company issued 125,000 common shares with a fair value of $6,875 to Gryphon pursuant to the property option agreement (Note 4(e)).

(c) Escrow shares:

9,079,000 common shares were placed in escrow in accordance with the escrow agreement dated December 3, 2021, where 10% of the escrowed common shares were released on January 11, 2022, and 15% of the escrowed common shares were released on July 11, 2022. The remaining escrowed shares will be released 15% every six months thereafter. As at December 31, 2023, 4,085,550 common shares were held in escrow.

1,000,000 common shares were placed in escrow in accordance with the escrow agreement dated December 6, 2021, where 10% of the escrowed common shares were released on January 11, 2022, and 15% of the escrowed common shares were released on July 11, 2022. The remaining escrowed shares will be released 15% every six months thereafter. As at December 31, 2023, 450,000 common shares were held in escrow.

(d) Stock options and restricted share units:

The Company has a 10% rolling Security Based Compensation Plan (“SBC Plan”) whereby a maximum of 10% of the Company’s shares can be issuable under the SBC Plan. The SBC Plan consists of stock options and restricted share units (“RSUs”). The Board of Directors of the Company determines the number of options to be granted, exercise prices, expiry dates and vesting conditions. The Board of Directors of the Company also determines the number of RSUs to be granted and the vesting conditions with the minimum of one year vesting period on all RSUs. RSUs have no exercise price and will be converted into common shares upon vesting.

(Presented in Canadian Dollars)

5. SHARE CAPITAL *(Continued)*

(d) Stock options and restricted share units: *(Continued)*

Stock option transactions and the number of stock options for the year ended December 31, 2023 are summarized as follows:

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired / Cancelled	December 31, 2023
September 22, 2026	$ 0.40	4,825,000	-	-	-	4,825,000
June 9, 2027	$ 0.40	670,000	-	-	-	670,000
October 3, 2027	$ 0.20	950,000	-	-	-	950,000
Options outstanding		6,445,000	-	-	-	6,445,000
Options exercisable		6,320,000	-	-	-	6,445,000
Weighted average exercise price		$ 0.37	$ -	$ -	$ -	$ 0.37

As at December 31, 2023, the weighted average contractual remaining life of options is 2.95 years (December 31, 2022 – 3.95 years). The weighted average fair value of stock options during the year ended December 31, 2023 was $0.37 (December 31, 2022 - $0.37).

Stock option transactions and the number of stock options for the year ended December 31, 2022 are summarized as follows:

Expiry date	Exercise price	December 31, 2021	Granted	Exercised	Expired / Cancelled	December 31, 2022
September 22, 2026	$ 0.40	4,825,000	-	-	-	4,825,000
June 9, 2027	$ 0.40	-	670,000	-	-	670,000
October 3, 2027	$ 0.20	-	950,000	-	-	950,000
Options outstanding		4,825,000	1,620,000	-	-	6,445,000
Options exercisable		4,450,000	1,370,000	-	-	6,320,000
Weighted average exercise price		$ 0.40	$ 0.28	$ -	$ -	$ 0.37

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Expected dividend yield	N/A	0.00%
Expected stock price volatility	N/A	76.00%-132.86%
Risk-free interest rate	N/A	3.14%-3.73%
Forfeiture rate	N/A	0.00%
Expected life of options	N/A	5 years

(Presented in Canadian Dollars)

5. SHARE CAPITAL *(Continued)*

(d) Stock options and restricted share units: *(Continued)*

RSU transactions and the number of RSUs for the year ended December 31, 2023 are summarized as follows:

Vesting date	December 31, 2022	Granted	Vested and converted to common shares	December 31, 2023
July 13, 2023	100,000	-	100,000	-
RSUs outstanding	100,000	-	100,000	-

On July 13, 2023, these 100,000 RSUs were vested and the Company issued 100,000 common shares.

As at December 31, 2023, the weighted average contractual remaining life of RSUs is nil years (December 31, 2022 – 0.53 years).

RSU transactions and the number of RSUs for the year ended December 31, 2022 are summarized as follows:

Vesting date	December 31, 2021	Granted	Vested and converted to common shares	December 31, 2022
July 13, 2023	-	100,000	-	100,000
RSUs outstanding	-	100,000	-	100,000

(e) Warrants:

The continuity of warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	December 31, 2023
December 14, 2023	$ 0.65	13,092,394	-	-	(13,092,394)	-
Warrants outstanding		13,092,394	-	-	(13,092,394)	-
Weighted average exercise price		$ 0.65	$ -	$ -	$ 0.65	$ -

As at December 31, 2023, the weighted average contractual remaining life of warrants is nil years (December 31, 2022 – 0.95 years).

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
December 14, 2023	$ 0.65	13,092,394	-	-	-	13,092,394
Warrants outstanding		13,092,394	-	-	-	13,092,394
Weighted average exercise price		$ 0.65	$ -	$ -	$ -	$ 0.65

(Presented in Canadian Dollars)

5. SHARE CAPITAL *(Continued)*

(f) Finder's warrants:

The continuity of finder's warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	December 31, 2023
September 3, 2023	$ 0.40	1,546,325	-	-	(1,546,325)	-
September 10, 2023	$ 0.40	112,413	-	-	(112,413)	-
September 15, 2023	$ 0.40	6,265	-	-	(6,265)	-
Finders warrants outstanding		1,665,003	-	-	(1,665,003)	-
Weighted average exercise price		$ 0.40	$ -	$ -	$ 0.40	$ -

As at December 31, 2023, the weighted average contractual remaining life of finder's warrants is nil years (December 31, 2022 – 0.68 years).

The continuity of finder's warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
September 3, 2023	$ 0.40	1,546,325	-	-	-	1,546,325
September 10, 2023	$ 0.40	112,413	-	-	-	112,413
September 15, 2023	$ 0.40	6,265	-	-	-	6,265
Finders warrants outstanding		1,665,003	-	-	-	1,665,003
Weighted average exercise price		$ 0.40	$ -	$ -	$ -	$ 0.40

(Presented in Canadian Dollars)

6. DUE TO RELATED PARTIES

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

For the year ended December 31, 2023:

	Cash payments	Share-based payments	TOTAL
Jorge Ramiro Monroy (1) Director	$ 224,992	$ -	$ 224,992
Michael Wood (2) Chief Executive Officer, Director	$ 270,000	$ -	$ 270,000
Winnie Wong (3) Chief Financial Officer	$ 120,000	$ -	$ 120,000
Alex Langer (4) Director	$ 20,000	$ -	$ 20,000
Steve Robertson (5) Director	$ 19,500	$ -	$ 19,500
Castulo Molina Sotelo (6) Director	$ 15,000	$ -	$ 15,000
Peter Jones (7) Director	$ 15,000	$ 6,900	$ 21,900

For the year ended December 31, 2022:

	Cash payments	Share-based payments	TOTAL
Jorge Ramiro Monroy (1) Director	$ 249,990	$ -	$ 249,990
Michael Wood (2) Chief Executive Officer, Director	$ 300,000	$ -	$ 300,000
Winnie Wong (3) Chief Financial Officer	$ 120,000	$ -	$ 120,000
Alex Langer (4) Director	$ 20,000	$ -	$ 20,000
Steve Robertson (5) Director	$ 17,625	$ -	$ 17,625
Castulo Molina Sotelo (6) Director	$ 15,000	$ -	$ 15,000
Peter Jones (7) Director	$ 10,755	$ 38,100	$ 48,855

(Presented in Canadian Dollars)

6. DUE TO RELATED PARTIES *(Continued)*

Related party transactions and balances:

	Services for:	For the years ended December 31, 2023	For the years ended December 31, 2022	Amounts included in trade and other payables: As at December 31, 2023	Amounts included in trade and other payables: As at December 31, 2022
Emerging Markets Capital [1]	Management fee and rent	$ 224,992	$ 249,990	$ -	$ -
Athena Jade Limited [2]	Management fee	270,000	300,000	-	-
Emerging Markets Capital [1]	Expense reimbursement	-	-	1,148	-
Pacific Opportunity Capital Ltd. [3]	Accounting	120,000	120,000	10,500	21,000
Andros Capital Corp. [4]	Director's fee	20,000	20,000	-	-
Western Blue Sky Management Corp. [5]	Consulting and director's fee	19,500	17,625	-	-
San Miguel Exploration SC. [6]	Director's fee	15,000	15,000	-	-
Peter Jones [7]	Director's fee	21,900	48,855	-	-
Total		$ 691,392	$ 771,470	$ 11,648	$ 21,000

(1) Jorge Ramiro Monroy's cash payments were paid through Emerging Markets Capital, a company of which Mr. Monroy has control.
(2) Michael Wood's cash payments as the Chief Executive Officer were paid through Athena Jade Limited, a private company owned by Mr. Wood.
(3) Winnie Wong was appointed as the Chief Financial Officer on May 1, 2021 and her cash payments were paid through Pacific Opportunity Capital Ltd., a private company where she is the vice president.
(4) Alex Langer's director fee was paid to his company Andros Capital Corp.
(5) Steve Robertson's consulting and director fee was paid to his company Western Blue Sky Management Corp.
(6) Cacho Molina Sotelo's director fee was paid to his company San Miguel Exploration SC.
(7) Peter Jones became a director of the Company on April 13, 2022.

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with major banks in Canada and Mexico; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at December 31, 2023, the Company had a cash balance of $980,586 to settle current liabilities of $62,389.

d) Currency risk

The Company's property interest in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Mexican peso. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately 13,060,000 Mexican pesos. A 1% change in the absolute rate of exchange in Mexican pesos would affect its net monetary assets by approximately $10,000.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 does not have any financial assets measured at fair value.

8. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(Presented in Canadian Dollars)

9. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties and all its non-current assets and mineral exploration expenses are in one geographic location being Mexico.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2023	December 31, 2022
Net loss for the year	$ 5,318,389	$ 4,713,669
Statutory tax rate	28.61%	28.61%
Expected income tax recovery	1,543,454	1,348,642
Non-deductible amounts	(4,671)	(43,966)
True-up of prior period amounts	8,705	-
Change in valuation allowance	(1,547,488)	(1,304,676)
Income tax recovery	$ -	$ -

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

	December 31, 2023	December 31, 2022
Loss carry-forwards	$ 3,147,897	$ 1,825,200
Exploration and evaluation assets	123,109	(137,646)
Share issuance costs	71,928	107,892
	3,342,934	1,795,446
Valuation allowance	(3,342,934)	(1,795,446)
Net deferred income tax assets	$ -	$ -

The Company's Canadian non-capital loss carry-forwards expire as follows:

	Loss carry-forwards
2038	11,555
2039	80
2040	14,833
2041	1,294,921
2042	2,169,865
2043	1,583,115
	$ 5,074,369

The Company also has non-capital losses associated with its Mexican subsidiaries of approximately $5,927,000.