SouthernSilver
EXPLORATION CORP

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Consolidated Financial Statements
Years Ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOUTHERN SILVER EXPLORATION CORP.

Opinion

We have audited the consolidated financial statements of Southern Silver Exploration Corp. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at April 30, 2024 and 2023;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 incurred a net loss of $3,705,698 during the year ended April 30, 2024 and, as of that date, the Company had an accumulated deficit of $53,947,990. As stated in Note 1, these events or conditions, 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 for the year ended April 30, 2024. 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises of the 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 identified above 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 auditors' 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, 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.

Auditors' 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 auditors' 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 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.

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- 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 auditors' 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 auditors' 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 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 auditors' 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 auditors' report is Karen Ka Yee Cheng.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 23, 2024

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
Years Ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	**Years ended** **April 30, 2024**	April 30, 2023
		$	$
Administration	**8**	**60,000**	50,000
Consulting	**8**	**263,653**	342,067
Exploration and evaluation	**7 & 8**	**2,494,990**	4,787,608
Investor relations and corporate development	**8**	**438,432**	617,235
Office and general	**8**	**68,931**	77,622
Professional fees	**8**	**318,977**	348,761
Regulatory fees and taxes		**79,815**	68,513
Share-based payments	**8 & 9**	**12,526**	98,730
Shareholders' communication		**12,292**	18,086
Transfer agent		**40,531**	29,167
		3,790,147	6,437,789
Foreign exchange		**30,337**	55,777
Other income		**(114,786)**	(167,336)
Loss and comprehensive loss for the year		**3,705,698**	6,326,230
Loss per share - basic and diluted		**0.01**	0.02
Weighted average number of shares outstanding - basic and diluted	**9**	**291,546,757**	291,546,757

The accompanying notes form an integral part of these consolidated financial statements

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	As at April 30, 2024	April 30, 2023
		$	$
Assets			
Current			
Cash and cash equivalents	**4**	**730,456**	4,670,767
Other receivables		**22,143**	24,233
Prepaid expenses		**91,312**	146,346
		843,911	4,841,346
Non-current			
Reclamation bonds	**6**	**146,898**	145,582
Mineral properties	**7**	**34,527,618**	34,220,574
		34,674,516	34,366,156
		35,518,427	39,207,502
Liabilities			
Current			
Account payable and accrued liabilities		**444,760**	442,911
Due to related parties	**8**	**46,402**	44,154
		491,162	487,065
Shareholders' Equity			
Share capital	**9**	**82,225,073**	82,225,073
Share-based payments reserve		**6,740,912**	8,514,546
Other reserve		**9,270**	9,270
Deficit		**(53,947,990)**	(52,028,452)
		35,027,265	38,720,437
		35,518,427	39,207,502

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board

"*Lawrence Page*" — **Lawrence Page, K.C.**

"Gina Jones" — **Gina Jones**

The accompanying notes form an integral part of these consolidated financial statements

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
Years Ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Share capital	**Share capital**	**Share-based payments reserve**	**Other reserve**	**Deficit**	**Total**
	Number	**$**	**$**	**$**	**$**	**$**
Balance, April 30, 2022	**291,546,757**	**82,225,073**	**9,523,137**	**9,270**	**(46,809,543)**	**44,947,937**
Fair value of options expired	-	-	(1,107,321)	-	1,107,321	-
Share-based compensation	-	-	98,730	-	-	98,730
Net loss	-	-	-	-	(6,326,230)	(6,326,230)
Balance, April 30, 2023	**291,546,757**	**82,225,073**	**8,514,546**	**9,270**	**(52,028,452)**	**38,720,437**
Fair value of options expired	-	-	(1,107,316)	-	1,107,316	-
Fair value of warrants expired	-	-	(678,844)	-	678,844	-
Share-based compensation	-	-	12,526	-	-	12,526
Net loss	-	-	-	-	(3,705,698)	(3,705,698)
Balance, April 30, 2024	**291,546,757**	**82,225,073**	**6,740,912**	**9,270**	**(53,947,990)**	**35,027,265**

The accompanying notes form an integral part of these consolidated financial statements

Southern Silver Exploration Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years Ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

	April 30, 2024	April 30, 2023
	$	$
Operating activities		
Net Loss	**(3,705,698)**	(6,326,230)
Items not involving cash		
Share-based payments	**12,526**	98,730
Unrealized foreign exchange	**(1,648)**	(21,475)
Changes in non-cash working capital		
Other receivables	**2,090**	8,370
Prepaids	**55,034**	107,698
Accounts payable and accrued liabilities	**1,849**	(271,893)
Due to related parties	**2,248**	12,129
Cash used in operating activities	**(3,633,599)**	(6,392,671)
Investing activity		
Mineral property acquisition costs, net	**(307,044)**	(251,183)
Cash used in investing activity	**(307,044)**	(251,183)
Foreign exchange effect on cash	**332**	12,838
Decrease in cash during the year	**(3,940,311)**	(6,631,016)
Cash and cash equivalents, beginning of year	**4,670,767**	11,301,783
Cash and cash equivalents, end of year	**730,456**	4,670,767

Cash and cash equivalents consist of:		
Cash	**390,625**	589,890
Cash equivalents	**339,831**	4,080,877

Supplemental Cash Flow Information – Note 11

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of Operations and Going Concern

Southern Silver Exploration Corp. (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third-party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of $3,705,698 for the year ended April 30, 2024 (2023 - $6,326,230) and had an accumulated deficit of $53,947,990 as of April 30, 2024 (2023 - $52,028,452).

As of April 30, 2024, the Company does not have sufficient working capital to meet its administrative overheads and continue its exploration programs. The Company has relied mainly upon the issuance of share capital and short-term debt to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities, the Company will be required to raise further financing which may include issuing further share capital through private placements and the exercise of options and warrants or obtaining short-term debt. While the Company has been successful in the past in raising financing to fund its operations, there can be no assurance that such financing will be available to the Company or on favourable terms to the Company. These matters create material uncertainties which may cast significant doubt over the Company's ability to continue as a going concern.

These consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The economic uncertainties around persistent inflation pressure, geopolitical and other global factors have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company's results and financial condition and the full extent of that impact remains unknown. However, as at April 30, 2024, the Company has not been significantly impacted by these matters.

2. Basis of Preparation and Consolidation

These consolidated financial statements were prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using historical cost and the accrual basis, except for cash flow information and financial instruments measured at fair value.

(Expressed in Canadian Dollars)

2. Basis of Preparation and Consolidation, continued

Control is based on whether an investor has power over the investee, exposure of rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns. The consolidated financial statements of the Company include the following entities controlled by the Company:

Entity	Country of Incorporation	Principal Activity
Southern Silver Holdings Limited ("SSHL")	British Virgin Islands	Holding company - 100% owned by the Company
Minera Plata del Sur S.A de C.V. ("MPS")	Mexico	Mineral exploration - 100% owned by SSHL
Southern Silver Projects Limited ("SSPL")	British Virgin Islands	Holding company - 100% owned by the Company
Exploraciones Magistral S.A de C.V.	Mexico	Mineral exploration - 100% owned by SSPL
Southern Silver Exploration Corp. (US)	United States of America	Mineral exploration - 100% owned by the Company
Exploraciones Minasol S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

All inter-company transactions and balances have been eliminated upon consolidation. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 23, 2024.

3. Summary of Material Accounting Policies

a) Summary of Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by the Company include, among other things, the Company’s cash position on April 30, 2024, its projected exploration and general operating costs, its ability to raise financing, and its intention to continue operating the Company.

Impairment assessment of exploration and evaluation assets

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. The Company considers the following facts and circumstances in determination if it should test exploration and evaluation assets for impairment:

3. Summary of Material Accounting Policies, continued

a) Summary of Significant Accounting Estimates and Judgments, continued

Impairment assessment of exploration and evaluation assets, continued

(i) The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
(ii) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(iii) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
(iv) Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

As of April 30, 2024, the Company has assessed that there are no impairment indicators with respect to its exploration and evaluation assets.

Mexican Value Added Tax

The recoverability of taxes receivable related to value added tax incurred in Mexico is dependent on various factors such as local policy, historical collectability, and the general economic environment. In considering these factors, the Company determined the tax receivable was not recoverable for the years ended April 30, 2024 and 2023.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period with the offset credit to share-based payment reserve. These models utilize subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

b) Mineral Properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when receivable, until these mineral properties are placed into commercial production, sold, or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when receivable, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

3. Summary of Material Accounting Policies, continued

b) Mineral Properties, continued

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

c) Provision for Reclamation Costs

The Company recognizes an estimate of the liability associated with statutory, contractual, constructive, or legal obligations associated with site closure and property retirement and/or costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The Company assessed an estimate of the liability associated with statutory, contractual, or legal obligations associated with site closure and property retirement costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The estimated fair value or present value of future cash flows is capitalized to the related mining acquisition assets with a corresponding increase in the rehabilitation provision in the period incurred. The capitalized amount will be depreciated on a unit-of-production basis over the estimated life of the ore reserve.

The amount of the provision will be increased each reporting period due to the passage of time and the amount of accretion is charged to profit or loss. The provision can also increase or decrease due to changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of future rehabilitation expenditures. Any changes are recorded directly to the related mining assets with a corresponding change to the rehabilitation provision. Actual rehabilitation expenditures incurred are charged against the rehabilitation provision to the extent of the liability recorded. There were no provisions considered to be necessary as of April 30, 2024 or 2023.

d) Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received.

Consideration received on the exercise of stock options and other equity instruments is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry or cancellation, related fair value previously recorded is transferred from share-based payment reserve to deficit.

e) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties and is measured at the transaction amounts of the services rendered.

3. Summary of Material Accounting Policies, continued

f) Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- Monetary assets and liabilities, at the rate of exchange in effect as at the reporting date;
- Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

g) Financial Instruments

IFRS provide three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost, unless otherwise designated.

The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Financial assets

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the financial instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income, either from the Business Model test or from the solely payments of principal and interest test, are classified as fair value through profit or loss.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. Summary of Material Accounting Policies, continued

g) Financial Instruments, continued

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. Financial Instruments

The Company’s financial instruments include: cash and cash equivalents, other receivables and reclamation bonds which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities and due to related parties, which are classified as financial liabilities at amortized cost. The carrying values of all of these instruments approximate their fair values due to the short period to maturity.

The Company’s financial instruments are exposed to certain financial risks, including interest rate risk, liquidity risk, currency risk, credit risk, and other price risk. The Company’s exposure to these risks and its methods of managing the risks are summarized as follows:

Interest Rate Risk

Interest rate risk is the risk that future cash flows or fair values will fluctuate as a result of changes in market interest rates. The Company has limited exposure at April 30, 2024 to interest rate risk. Cash equivalents consist of $339,831 in a 90-day cashable GIC term deposit (2023 - $4,080,877), which earns an effective interest rate of 5.20% per annum.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company’s approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities, and through management of its capital structure. As at April 30, 2024, the Company had a working capital of $352,749 (2023 - $4,354,281). As at April 30, 2024, all of the Company’s financial liabilities are either due immediately or have contractual maturities of less than 90 days.

4. Financial Instruments, continued

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to managing its cash. The Company's risk management policies require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better. All investments must be less than one year in duration.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent expenditures incurred, funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Mexican pesos).

The Company does not manage currency risks through hedging or other currency management tools.

As at April 30, 2024, cash totaling $138,178 (2023 - $157,885) was held in US dollars and $6,033 (2023 - $17,458) was held in Mexican Pesos; other receivables totaling $3,232 (2023 - $3,446) were held in Mexican Pesos; accounts payable and accrued liabilities totaling $265,569 (2023 - $291,108) were payable in US dollars, $51,724 (2023 - $47,228) were payable in Mexican Pesos, and $nil (2023 - $3,639) were payable in British Pounds.

Based on forecast exchange rate movements for the next twelve months, assuming all other variables remain constant, the Company considers its financial performance and cash flows would not be significantly affected by a 5% weakening or strengthening of the US dollar or Mexican peso.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

5. Capital Management

The Company's capital includes components of shareholders' equity. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments, and exploration activities.

As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments and mineral property earn-in agreements. The Company will continue to rely on such funding depending upon market and economic conditions at the time. The Company is not subject to any regulatory capital requirements. There have been no changes in the Company's approach to capital management during the year ended April 30, 2024.

6. Reclamation Bonds

As at April 30, 2024, amounts on deposit were $146,898 (US $106,630) (2023 - $145,582 (US $106,630)).

(Expressed in Canadian Dollars)

7. Mineral Properties

Mineral property acquisition costs as at April 30, 2024 were:

	Cerro Las Minitas	El Sol	Oro	Hermanas	Total
	$	$	$	$	$
Balance, April 30, 2022	32,974,699	384,610	551,740	58,342	33,969,391
Additions	47,104	-	166,007	38,072	251,183
Balance, April 30, 2023	33,021,803	384,610	717,747	96,414	34,220,574
Additions	53,850	-	207,429	45,765	307,044
Balance, April 30, 2024	**33,075,653**	**384,610**	**925,176**	**142,179**	**34,527,618**

(a) Cerro Las Minitas - Durango, Mexico

The property consists of a fully owned interest in twenty-five mineral concessions located in Durango, Mexico. The Company has future and possible obligations as follows:

(i) On April 20, 2017, two contiguous concessions were acquired by staking. One of these claims is subject to a finder's fee whereby minimum periodic payments are due on a semi-annual basis accelerating from US $5,000 to US $25,000 over a ninety-six-month period and a 1% Net Smelter Royalty ("NSR") with such periodic payments being credited to NSR payments. The royalty will be reduced to 0.5% subsequent to payment of US $5,000,000 in NSR payments.

(ii) One additional concession may be acquired if the underlying owner can deliver registered title and by making a payment, excluding applicable local taxes, of US $200,000.

(b) El Sol - Durango, Mexico

The property consists of a fully owned interest in certain mineral claims located in Durango, Mexico. The claims total 63 hectares and are situated contiguous with Cerro Las Minitas. The property is subject to a 2% NSR payable to the optionor who has granted the Company an option to purchase the NSR at any time for US $1,000,000.

(c) Oro - New Mexico, USA

The property consists of certain unpatented mining claims in the Eureka Mining District, Grant County, New Mexico, eight patented lode mining claims, which are adjacent to these claims, and surface rights to a contiguous property. The property is subject to a 2% NSR payable to the optionors whom have granted the Company an option to purchase the NSR at any time in 0.5% increments at US $500,000 for each increment.

Pursuant to a lease with option to purchase agreement dated May 1, 2011, as amended, the Company can earn a 100% interest in six unpatented lode mining claims also located in the Eureka Mining District, Grant County, New Mexico.

Remaining lease payments are due as:

(i) US $30,000 on May 1, 2023 (paid) and on May 1, 2024 (paid subsequent to year-end); and
(ii) US $60,000 annually from May 1, 2025 to May 1, 2031.

(Expressed in Canadian Dollars)

7. Mineral Properties, continued

(c) Oro - New Mexico, USA, continued

The Company can purchase the property at any time by paying any amounts remaining under the lease, subject to a 1% NSR payable to the optionors, which terminates when aggregate payments thereunder equal US $500,000.

(d) Hermanas - New Mexico, USA

On December 7, 2021, the Company entered into an agreement to purchase 83 lode claims in Luna County, New Mexico, east of the Oro property. Upon payment of Annual Minimum Royalty (“AMR”) payments, commencing at US $15,000 on October 15, 2022 and increasing by US $5,000 per annum until October 15, 2027, the Company will have earned a full interest in the property. The Company has paid all applicable and payable AMRs as of April 30, 2024.

Remaining AMR payments are due as follows:

(i) US $20,000 on October 15, 2023 (paid);
(ii) US $25,000 on October 15, 2024;
(iii) US $30,000 on October 15, 2025;
(iv) US $35,000 on October 15, 2026; and
(v) US $40,000 on October 15, 2027.

A minimum AMR of US $50,000 will continue to be due each year commencing October 15, 2028. The property is subject to a 2% NSR payable to the optionor. The NSR will be reduced to 1% upon completion of cumulative AMR and NSR payments totaling US $10,000,000.

(e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the years ended April 30, 2024, and 2023 were:

	Cerro Las Minitas		El Sol		Oro		Hermanas		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Assays and analysis	99,064	202,575	-	-	28,422	161,094	14,053	23	**141,539**	363,692
Camp and supplies	261,163	202,228	2,201	-	8,012	18,273	1,042	-	**272,418**	220,501
Claim taxes	233,548	181,344	-	1,655	-	-	-	-	**233,548**	182,999
Drilling	-	427,618	-	-	-	1,999,348	-	-	**-**	2,426,966
Geological services	1,056,288	502,529	1,656	-	73,802	246,443	-	9,856	**1,131,746**	758,828
Project supervision	557,089	509,243	2,035	1,184	27,257	30,081	-	-	**586,381**	540,508
Travel	2,316	4,234	-	-	15,467	132,280	2,655	313	**20,438**	136,827
IVA	89,913	144,450	265	-	-	-	-	-	**90,178**	144,450
Other	-	-	-	-	2,252	3,476	2,214	-	**4,466**	3,476
	2,299,381	2,174,221	**6,157**	2,839	**155,212**	2,590,995	**19,964**	10,192	**2,480,714**	4,778,247
General									**14,276**	9,361
									2,494,990	4,787,608

7. Mineral Properties, continued

(f) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent, and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

(g) Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties.

The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties and, to the best of its knowledge, title to its properties is in good standing; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(h) Realization of Assets

Realization of the Company's investment in mineral properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal. The attainment of commercial production is in turn dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production.

(Expressed in Canadian Dollars)

8. Related Party Balances and Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

(a) Pursuant to a service agreement between the Company and Manex Resource Group Inc., a company indirectly controlled by Killian Ruby, an officer of the Company effective April 1, 2023, the Company was charged as follows:

- $60,000 (2023 - $4,000) for office space and general administration services;
- $33,132 (2023 - $4,358) for professional services;
- $23,460 (2023 - $nil) for Chief Financial Officer services;
- $13,339 (2023 - $799) for consulting services;
- $128,197 (2023 - $8,560) for corporate development services;
- $90,811 (2023 - $7,633) for geological services; and
- $4,194 (2023 - $45) for the mark-up on out-of-pocket expenses.

Amounts payable as at April 30, 2024 were $29,958 (2023 - $22,768).

(b) Consultancy fees in the amount of $156,000 (2023 - $156,000) were charged by Advocate Services Limited, a company controlled by Lawrence Page, a director and officer of the Company. Amounts payable as at April 30, 2024 were $nil (2023 - $13,650).

(c) Consultancy fees in the amount of $60,000 (2023 - $60,000) were charged by Rob Macdonald, an officer of the Company, and were included in consulting fees or mineral property expenditures as applicable. Amounts payable as at April 30, 2024 were $nil (2023 - $5,250).

(d) Consultancy fees in the amount of $60,000 (2023 - $60,000) were charged by QDBS Resources Inc., a company controlled by Russell Ball, a director of the Company. Amounts payable as at April 30, 2024 were $15,750 (2023 - $nil).

(e) Consultancy fees in the amount of $nil (2023 - $27,500) were charged by Graham Thatcher, a former officer of the Company.

(f) Consultancy fees in the amount of $10,500 (2023 - $nil) were charged by John Oness, an officer of the Company.

(g) Legal fees in the amount of $17,360 (2022 - $18,799) were charged by Page Law Corporation, a company controlled by Arie Page, an officer of the Company, and included in professional fees or mineral property expenditures as applicable. Amounts payable as at April 30, 2024 were $694 (2023 - $2,486).

These transactions were in the normal course of operations. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The Company has no long-term employee or post-employment benefits.

Key management personnel of the Company are identified in (a) to (f) above and compensation awarded was:

	April 30, 2024	April 30, 2023
	$	$
Short-term benefits	309,960	303,500
	309,960	303,500

(Expressed in Canadian Dollars)

8. Related Party Balances and Transactions, continued

One executive officer, Lawrence Page, is entitled to termination benefits in the event of a change of control equal to thirty-six months' compensation. Upon a change of control, and assuming the triggering event took place on the period-end date, the payment would have been $468,000.

9. Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Stock Options

The Company has a rolling stock option plan (the "Plan") that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

On April 29, 2024, 200,000 fully vested stock options were granted to a consultant at an exercise price of $0.20 per share for a period of one year.

Stock options outstanding and exercisable as at April 30, 2024 were:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2022	28,120,000	$0.37	3.32
Granted	850,000	$0.25	
Expired	(3,800,000)	$0.35	
Balance, April 30, 2023	25,170,000	$0.36	2.57
Granted	200,000	$0.20	
Expired	(820,000)	$0.21	
Balance, April 30, 2024	**24,550,000**	**$0.37**	**1.64**

(Expressed in Canadian Dollars)

9. Share Capital, continued

Stock Options, continued

Expiry date	Exercise price	Remaining life (years)	Options Outstanding
May 5, 2024	$0.335	0.01	150,000
October 1, 2024	$0.27	0.42	2,750,000
December 6, 2024	$0.29	0.60	300,000
December 20, 2024	$0.20	0.64	100,000
April 3, 2025	$0.12	0.93	1,500,000
May 24, 2025	$0.255	1.07	500,000
September 24, 2025	$0.51	1.40	9,000,000
October 19, 2025	$0.58	1.47	100,000
February 11, 2026	$0.50	1.79	200,000
August 13, 2026	$0.40	2.29	200,000
September 29, 2026	$0.31	2.42	9,550,000
April 29, 2025	$0.20	1.00	200,000
			24,550,000

The weighted average fair value of stock options expired was $0.12 (2023 - $0.29).

Compensation Options

Compensation options outstanding and exercisable as at April 30, 2024 were:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2023 and 2022	3,390,418	$0.31	1.23
Expired	(3,390,418)	$0.31	
Balance, April 30, 2024	**-**	**-**	**-**

The weighted average fair value of compensation options expired was $0.30 (2023 - $nil).

(Expressed in Canadian Dollars)

9. Share Capital, continued

Share Purchase Warrants

Share purchase warrants outstanding as at April 30, 2024 were:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2022	62,459,839	$0.42	1.33
Expired	(8,797,000)	$0.55	
Balance, April 30, 2023	53,662,839	$0.43	1.88
Expired	(2,389,500)	$0.44	
Balance, April 30, 2024	**51,273,339**	**$0.42**	**1.22**

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding
August 13, 2024	$0.25	0.29	9,337,500
August 13, 2024	$0.25	0.29	187,762
September 4, 2024	$0.25	0.35	4,400,000
September 4, 2024	$0.25	0.35	47,600
August 14, 2025 *	$0.35	1.29	15,597,500
August 14, 2025 *	$0.38	1.29	8,502,977
September 11, 2025 *	$0.50	1.37	1,200,000
June 16, 2026 **	$0.75	2.13	9,000,000
June 21, 2026 **	$0.75	2.14	3,000,000
			51,273,339

** Expiry date extended two years during May 2023*
*** Expiry date extended three years during May 2023*

Extended warrants are accounted for as equity instruments; accordingly, no amounts were recorded as a result of extending their expiry dates.

The weighted average fair value of share purchase warrants expired was $0.28 (2023 - $nil).

(Expressed in Canadian Dollars)

9. Share Capital, continued

Fair Value Determination

The weighted average fair value of stock options granted was $0.06 (2023 - $0.12). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions whereby the expected volatility assumptions have been developed taking into consideration the historical volatility of the Company's share price:

	2024	2023
Risk-free interest rate	**4.30%**	2.85%
Expected volatility	**76.55%**	81.14%
Expected life in years	**1.00**	2.35
Expected dividend yield	**0.00%**	0.00%

For the year ended April 30, 2024, the Company recorded aggregate share-based compensation expense, arising from options, of $12,526 (2023 - $98,730).

Diluted Loss per Share

Excluded from the calculation of diluted loss per share were 24,550,000 stock options, nil compensation options and 51,273,339 warrants (2023 - 25,170,000, 3,390,418, and 53,662,839, respectively), that could potentially dilute basic earnings per share in the future but were not included as being antidilutive for each of the years ended April 30, 2024 and 2023.

(Expressed in Canadian Dollars)

10. Income Tax

A reconciliation of the income tax charge computed at statutory rates to the reported loss before taxes is as follows:

	April 30 2024	April 30 2023
Statutory tax rate	**27%**	27%
	$	$
Income tax recovery (expense) at statutory rate	**(1,000,539)**	1,708,082
Permanent differences	**3,382**	(66,504)
Temporary differences	**(151,883)**	163,249
Other	**(63,741)**	137,417
Change in timing differences	**949,582**	(2,528,500)
Unused tax losses and tax offsets not recognized	**263,199**	586,256
	-	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	April 30 2024	April 30 2023
	$	$
Non-capital losses	**36,132,839**	35,069,282
Capital losses	**146,188**	146,188
Share issue costs	**714,457**	1,243,648
Mineral properties	**5,104,910**	5,072,433
Equipment	**26,139**	26,139
Tax credits	**1,534**	1,534
	42,126,067	41,559,224

The Company has Canadian unrecognized non-capital losses totaling $21,491,000 that expire between 2026 and 2044 and US non-capital losses totaling US $5,181,000 that are available to carry forward indefinitely and do not expire. Mexican tax losses are separated into normal and pre-operating expenses. Pre-operating expenses are amortized over 10 years. All Mexican tax losses expire within 10 years of recognition.

11. Supplemental Cash Flow Information

	April 30, 2024	April 30, 2023
	$	$
Cash:		
Interest received	**114,786**	167,215
Financing Activities:		
Fair value of options expired	**1,107,316**	1,107,321
Fair value of warrants expired	**678,844**	-

12. Segmented Information

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at April 30, 2024, the Company's non-current assets were located in Mexico ($33,460,263 (2023 - $33,406,413)) and in the United States of America ($1,214,253 (2023 - $959,743)).

13. Events After the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to April 30, 2024:

- On May 5, 2024, 150,000 stock options exercisable at $0.335 per common share expired unexercised.

- On May 15, 2024, 100,000 stock options exercisable at $0.12 per common share were exercised for gross proceeds of $12,000.

- On May 22, 2024, 100,000 share purchase warrants exercisable at $0.25 per common share were exercised for gross proceeds of $25,000.

- On July 19, 2024, the Company closed the first tranche of its non-brokered private placement by issuing 9,508,978 units at a price of $0.22 per unit for gross proceeds of $2,091,975. Each unit consists of one common share and one-half of one warrant. Each whole warrant entitles the holder thereof to purchase one common share for a period of 3 years at an exercise price of $0.30 per common share. In connection with the first tranche financing, the Company paid finders' fees totaling $101,745 and issued an aggregate 457,029 non-transferable finders' warrants, with each finder warrant exercisable to purchase one common share for a period of 3 years, of which 36,000 finders' warrants are exercisable at an exercise price of $0.22 per common share and 421,029 finders' warrants are exercisable at an exercise price of $0.30 per common share.

- On August 12, 2024, the Company closed the second tranche of its non-brokered private placement by issuing 5,911,500 units at a price of $0.22 per unit for gross proceeds of $1,300,530. Each unit consists of one common share and one-half of one warrant. Each whole warrant entitles the holder thereof to purchase one common share for a period of 3 years at an exercise price of $0.30 per common share. In connection with the second tranche financing, the Company paid finders' fees totaling $7,920 and issued an aggregate 36,000 non-transferable finders' warrants with each finder's warrant exercisable to purchase one common share for a period of 3 years at an exercise price of $0.30 per common share.

- On August 13, 2024, 9,525,262 common share purchase warrants exercisable at $0.25 per common share, expired unexercised.