SALAZAR RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED
MARCH 31, 2025
AND THE TWELVE MONTHS ENDED
DECEMBER 31, 2023

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Salazar Resources Limited

Opinion
We have audited the consolidated financial statements of Salazar Resources Limited (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and December 31, 2023, and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the fifteen month period ended March 31, 2025 and for the year ended December 31, 2023, and 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 financial position of the Company as at March 31, 2025 and December 31, 2023, and its financial performance and its cash flows for the fifteen month period ended March 31, 2025 and for the year ended December 31, 2023 in accordance with IFRS Accounting Standards.

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

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 fifteen month period ended March 31, 2025. 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 the matters described below to be the key audit matters to be communicated in our report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets
Description
Under IFRS 6, the Company is required to test the amount of exploration and evaluation assets for impairment when facts and circumstances suggest that the carry amount of an exploration and evaluation asset may exceed the recoverable amount.

Impairment indicators were identified by management for the El Potro project. An impairment charge of $ 2,143,748 was recorded against the balance of exploration and evaluation assets recorded to the El Potro project. No impairment indicators were identified by management for the Macara project as of March 31, 2025.

This matter was significant to our audit because the balance of exploration and evaluation assets at March 31, 2025, was $ 6,143,669, which represents a significant portion of the Company's total assets. Management's assessment process includes judgments, specifically whether the Company will be able to maintain exploration claims, perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. See Note 3 and 5 of the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit
Our approach to addressing the matter included the evaluating management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained all option agreements, confirmed the details of the option agreements with counterparties and confirmed exploration claim listings included in the option agreements with the related mining authorities.
- Obtained all mineral claim and permit listings held by the Company and confirmed the mineral claims held with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Assessment of Impairment of Investment in Associated Companies
Description
Under IAS 28, the Company is required to assesses whether the net investment in an associate is impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment and that loss event (or events) has an impact on the estimated future cash flows from the net investment. Management applies judgement in assessing whether there is objective evidence of impairment.

The Company determined that there was no objective evidence of impairment relating to its investment in associated companies.

This matter was significant to our audit because the carrying value of the Company’s investment in associated companies as at March 31, 2025 was $ 14,053,843 which represents a significant portion of the Company’s total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 6 of the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the determination of whether objective evidence of impairment existed and the determination of the investment in associates fair value included the following procedures, among others:

- Assessed management's analysis of whether objective evidence of impairment existed, including the assessment of the underlying exploration and evaluation asset.
- Reviewed Board of Directors' meeting minutes and other correspondence for evidence of changes in strategic direction or operational concerns.
- Assessed whether there were other changes in circumstances indicating that the investment in associated companies may not be recoverable, based on the evidence obtained in other areas of the audit.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company recorded a comprehensive loss of $ 4,872,659 and, as at March 31, 2025, the Company had an accumulated deficit of $ 38,917,519 and a working capital of $ 2,149,782 . 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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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 Carly Bergman.

D&H Group LLP

Vancouver, B.C.
July 29, 2025

Chartered Professional Accountants

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	March 31, 2025 $	December 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		1,611,845	609,303
Amounts receivable	8(b)(vii)	97,955	549,644
GST / IVA tax receivables		85,081	123,968
Materials and supplies		471,685	448,239
Prepaid expenses		118,433	63,851
Total current assets		2,384,999	1,795,005
Non-current assets			
Property, plant and equipment	4	800,134	892,053
Exploration and evaluation assets	5	6,143,669	6,722,428
Investment in associated companies	6	14,053,843	14,422,911
Total non-current assets		20,997,646	22,037,392
TOTAL ASSETS		23,382,645	23,832,397
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		235,217	459,257
TOTAL LIABILITIES		235,217	459,257
SHAREHOLDERS' EQUITY			
Share capital	7	53,946,813	49,898,110
Share-based payments reserve		6,863,480	6,265,236
Accumulated other comprehensive income		1,254,654	594,697
Deficit		(38,917,519)	(33,384,903)
TOTAL SHAREHOLDERS' EQUITY		23,147,428	23,373,140
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,382,645	23,832,397

Nature of Operations and Going Concern - see Note 1

Commitments - see Note 10

Events after the Reporting Period - see Note 15

These consolidated financial statements were approved for issue by the Board of Directors on July 29, 2025 and are signed on its behalf by:

/s/ Fredy Salazar	*/s/ Pablo Acosta*
Fredy Salazar	Pablo Acosta
Director	Director

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

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Expenses			
Accounting and administration services	8(b)(ii)	73,258	56,604
Audit		137,450	119,000
Consulting and professional fees		25,568	500
Corporate development		19,123	2,294
Community relations		8,320	9,446
Depreciation		116,672	179,075
Director and officer compensation	8	223,357	191,074
Drill and other services expenses		1,173,066	1,629,608
General exploration and maintenance		631,262	398,149
Legal		149,219	27,795
Office		104,909	57,956
Regulatory		33,216	49,790
Salaries		86,867	81,437
Share-based compensation	7(d)	722,065	352,930
Shareholder costs		6,743	1,794
Transfer agent		13,378	11,869
Travel		13,719	11,649
		3,538,192	3,180,970
Loss before other items		(3,538,192)	(3,180,970)
Other items			
Drill and other services income		307,708	941,295
Interest income		67,235	67,124
Other income		180,874	350,724
Impairment of exploration and evaluation assets	5	(2,143,748)	(1,605,532)
Write-off of property, plant and equipment		(34,764)	13,372
Foreign exchange		(2,661)	(11,715)
Insurance proceeds recovery		-	482,436
Equity loss in associated company	6(a)	(369,068)	(257,691)
Impairment in investment in associated company	6(c)	-	(2,474,365)
		(1,994,424)	(2,494,352)
Net loss for the period		(5,532,616)	(5,675,322)
Other comprehensive income (loss)			
Change in currency translation of foreign subsidiaries		659,957	(368,276)
Comprehensive loss for the period		(4,872,659)	(6,043,598)
Basic and diluted loss per common share		$(0.03)	$(0.03)
Weighted average number of common shares outstanding		217,224,025	183,854,635

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Fifteen Months Ended March 31, 2025					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income $	Deficit $	Total Shareholders' Equity $
Balance at December 31, 2023	184,212,079	49,898,110	6,265,236	594,697	(33,384,903)	23,373,140
Common shares issued for:						
- private placements	62,740,000	3,779,800	-	-	-	3,779,800
- share options	1,907,175	170,074	-	-	-	170,074
Share issue costs	-	(24,992)	-	-	-	(24,992)
Transfer on exercise of share options	-	123,821	(123,821)	-	-	-
Share-based compensation:						
- share options	-	-	722,065	-	-	722,065
Currency translation adjustment	-	-	-	659,957	-	659,957
Net loss for the period	-	-	-	-	(5,532,616)	(5,532,616)
Balance at March 31, 2025	248,859,254	53,946,813	6,863,480	1,254,654	(38,917,519)	23,147,428

	Twelve Months Ended December 31, 2023					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Shareholders' Equity $
Balance at December 31, 2022	180,026,869	49,440,589	5,961,306	962,973	(27,709,581)	28,655,287
Common shares issued for:						
- private placement	3,685,210	368,521	-	-	-	368,521
- share options	400,000	40,000	-	-	-	40,000
- restricted share units	100,000	37,000	-	-	-	37,000
Transfer on exercise of:						
- share options	-	12,000	(12,000)	-	-	-
- restricted share units	-	-	(37,000)	-	-	(37,000)
Share-based compensation:						
- share options	-	-	315,468	-	-	315,468
- restricted share units	-	-	37,462	-	-	37,462
Currency translation adjustment	-	-	-	(368,276)	-	(368,276)
Net loss for the period	-	-	-	-	(5,675,322)	(5,675,322)
Balance at December 31, 2023	184,212,079	49,898,110	6,265,236	594,697	(33,384,903)	23,373,140

SALAZAR RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Operating activities		
Net loss for the period	(5,532,616)	(5,675,322)
Adjustments for:		
Depreciation	116,672	179,075
Share-based compensation	722,065	352,930
Impairment of exploration and evaluation assets	2,143,748	1,605,532
Write-off of property, plant and equipment	34,764	13,372
Equity loss in associated company	369,068	257,691
Impairment in investment in associated company	-	2,474,365
Changes in non-cash working capital items:		
Amounts receivable	481,396	297,151
GST/VAT receivable	47,228	(51,710)
Prepaid expenses and deposits	(50,448)	84,585
Materials and supplies	14,979	117,045
Accounts payable and accrued liabilities	(249,906)	(150,181)
Net cash used in operating activities	(1,903,050)	(495,467)
Investing activities		
Expenditures on exploration and evaluation assets, net of recoveries	(1,097,934)	(1,177,492)
Additions to property, plant and equipment, net of recoveries	(6,258)	(12,791)
Investment in associated companies	-	(169,714)
Net cash used in investing activities	(1,104,192)	(1,359,997)
Financing activities		
Issuance of common shares	3,949,874	408,521
Share issue costs	(24,992)	-
Net cash provided by financing activities	3,924,882	408,521
Effect of exchange rate changes on cash	84,902	(109,484)
Net change in cash	1,002,542	(1,556,427)
Cash at beginning of period	609,303	2,165,730
Cash at end of period	1,611,845	609,303

Supplemental Cash Flow Information - see Note 13

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

1. Nature of Operations and Going Concern

Salazar Resources Limited (the "Company") was incorporated on July 23, 1987 under the provisions of the Company Act (British Columbia). The Company's common shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "SRL", on the OTCQB under the symbol "SRLZF" and on the Frankfurt Exchange under the symbol "CCG". The Company's executive head office is located in Quito, Ecuador. In November 2024 the Company changed its fiscal year-end from December 31st to March 31st.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Latin America. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

The Company's mineral properties are located in Ecuador and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

As at March 31, 2025 the Company had working capital of $2,149,782. To date the Company has not earned any revenues from its mineral interests and the Company's operations are primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company requires additional funding to maintain its current levels of overhead for the next twelve months and to fund existing levels of planned exploration expenditures. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the Company's ability to continue as a going concern will be dependent upon the discovery of economically recoverable reserves and the achievement of profitable operations. Whether the Company can generate positive cash flow and, ultimately, achieve profitability is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

See also Note 15.

2. Basis of Preparation

Change in Fiscal Year

The Company has changed its fiscal year end from December 31st to March 31st effective March 31, 2025. The change in the fiscal year will synchronize the Company's financial reporting with that of Silvercorp Metals Inc., ("Silvercorp"), the majority shareholder of Salazar Holdings Ltd. ("Salazar Holdings"). Silvercorp's financial year-end is March 31st. Accordingly, these consolidated financial statements are presented for a period of fifteen months ended March 31, 2025 and twelve months ended December 31, 2023.

2. Basis of Preparation (continued)

Statement of Compliance

These financial statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRI Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

3. Material Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments 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 financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

During the fifteen months ended March 31, 2025 and fiscal 2023 management determined impairment indicators were present in certain of its exploration and evaluation assets and an impairment test was performed. See also Note 5 for details.

3. Material Accounting Policy Information (continued)

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(v) At the end of each reporting period, the Company assesses each associate to determine whether there is objective evidence of impairment. The impairment analysis requires the use of estimates and assumptions as to whether significant changes with an adverse effect have taken place in technological, market, economic or legal environment in which the associate operates.

(vi) The Company holds a variety of investments in associates and there is judgement as to whether the Company exercises significant influence or control over the investee. Investments in associates are tested for impairment at each reporting date. The method of evaluating follows that applied to exploration assets as this is the underlying assets held by the associates.

(vii) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 9.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at March 31, 2025 and December 31, 2023, there were no decommissioning liabilities.

(iii) The assessment of any impairment of exploration and evaluation assets and investments in associates is dependent upon estimates of the recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management has carried out an impairment test on the Company's exploration and evaluation assets and investments in associated companies and during the fifteen months ended March 31, 2025 an impairment charge of $2,143,748 (fiscal 2023 - $1,605,532) and $nil (fiscal 2023 - $2,474,365) respectively was made.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution.

3. Material Accounting Policy Information (continued)

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records a credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

Materials and Supplies

Materials and supplies are valued at the lower of cost and replacement cost.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Investment in Associates

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint arrangement.

The Company has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control.

Under the equity method, the Company's investment in the common shares of the associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of the associate is recognized in net income during the period.

Dividends and repayment of capital received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating there is a measurable decrease in the estimated future cash flows of the investee's operations. A significant or prolonged decline in the fair value of an equity investment below its cost is also objective evidence of impairment. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net income in the period in which the reversal occurs.

3. Material Accounting Policy Information (continued)

Deferred Acquisition Costs

Expenditures incurred on mineral projects, where the Company has an agreement to acquire a company holding the mineral project, are accounted for as advances toward the purchase of an ownership interest in a company and are capitalized to the statement of financial position.

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful lives of the assets, at a rate of between 10% and 33% commencing when the related asset is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

3. Material Accounting Policy Information (continued)

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. 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.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at March 31, 2025 and December 31, 2023 the Company does not have any decommissioning obligations.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. Material Accounting Policy Information (continued)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Revenue - Drilling Revenue

Revenue is measured based on the consideration specified in contracts with customers. The Company provides drilling services to its customers. Drilling service is recognized as revenue when all the following conditions are satisfied:

(i) the amount of revenue can be measured reliably;
(ii) it is probable that the economic benefits associated with the drilling service rendered will flow to the Company; and
(iii) control of the service has passed to the customer and the work performed of the drilling service at the end of the reporting period has been agreed with the customer.

Payment for drilling services is not due from the customer until the drilling service has been performed and invoiced. Revenue from the provision of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Share-Based Payment Transactions

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

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. Material Accounting Policy Information (continued)

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

3. Material Accounting Policy Information (continued)

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's entities' functional currencies are the Canadian dollar and the United States dollar. The consolidated financial statements are presented in Canadian dollars which is the Company's presentation currency.

The Company's active subsidiaries have the United States dollar as the functional currency. Assets, liabilities and transactions are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive income and recognized in the accumulated other comprehensive income.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive income.

Adoption of New Accounting Standards

The following amendments were adopted by the Company on January 1, 2024:

(i) *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

(ii) *Definition of Accounting Estimates* (Amendments to IAS 8) - the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

There was no impact on the Company's consolidated financial statements upon the adoption of these amendments.

Accounting Standards Issued but Not Yet Effective

IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is assessing the impact of adoption of IFRS 18 and is working to identify all impacts the changes will have on the consolidated financial statements and notes to the consolidated financial statements.

(Expressed in Canadian Dollars)

4. Property, Plant and Equipment

	Land $	Drill Rigs and Equipment $	Total $
Cost:			
Balance at December 31, 2022	267,997	3,017,674	3,285,671
Additions	-	12,791	12,791
Write-off	-	(29,748)	(29,748)
Foreign exchange movement	(9,690)	(65,163)	(74,853)
Balance at December 31, 2023	258,307	2,935,554	3,193,861
Additions	6,258	-	6,258
Write-off	-	(34,727)	(34,727)
Foreign exchange movement	22,690	(321,653)	(298,963)
Balance at March 31, 2025	287,255	2,579,174	2,866,429
Accumulated Depreciation:			
Balance at December 31, 2022	-	(2,151,443)	(2,151,443)
Depreciation	-	(216,084)	(216,084)
Write-off	-	16,376	16,376
Foreign exchange movement	-	49,343	49,343
Balance at December 31, 2023	-	(2,301,808)	(2,301,808)
Depreciation	-	(134,348)	(134,348)
Foreign exchange movement	-	369,861	369,861
Balance at March 31, 2025	-	(2,066,295)	(2,066,295)
Carrying Value:			
Balance at December 31, 2023	258,307	633,746	892,053
Balance at March 31, 2025	287,255	512,879	800,134

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	As at March 31, 2025				
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Impairment $	Total $
Ecuador					
Macara	656,408	4,822,520	467,360	-	5,946,288
El Potro	319,977	1,763,868	59,903	(2,143,748)	-
Other	197,381	-	-	-	197,381
	1,173,766	6,586,388	527,263	(2,143,748)	6,143,669

	As at December 31, 2023				
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Impairment $	Total $
Ecuador					
Macara	600,006	4,166,110	70,261	-	4,836,377
Los Osos	332,607	1,215,867	57,058	(1,605,532)	-
El Potro	305,291	1,573,137	7,623	-	1,886,051
	1,237,904	6,955,114	134,942	(1,605,532)	6,722,428

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Macara $	El Potro $	Los Osos $	Other $	Total $
Balance at December 31, 2022	4,586,084	1,199,817	1,541,985	-	7,327,886
Exploration costs					
Assay analysis	-	34,521	-	-	34,521
Camp supervision and personnel	25,418	54,997	-	-	80,415
Camp supplies	43,360	33,583	-	-	76,943
Community relations	-	27,858	-	-	27,858
Depreciation	34,109	2,900	-	-	37,009
Environmental studies	-	20,461	2,100	-	22,561
Equipment maintenance	9,617	1,830	-	-	11,447
Exploration site	55,973	121,511	-	-	177,484
Geological	-	695	20,590	-	21,285
Legal	-	132	181	-	313
Salaries	234,664	298,014	-	-	532,678
	403,141	596,502	22,871	-	1,022,514
Acquisition costs					
Property / concession / option payments	-	149,210	42,777	-	191,987
Other					
Foreign exchange movement	(152,848)	(59,478)	(2,101)	-	(214,427)
Impairment provision	-	-	(1,605,532)	-	(1,605,532)
Balance at December 31, 2023	4,836,377	1,886,051	-	-	6,722,428
Exploration costs					
Assay analysis	53,671	161	-	-	53,832
Camp supervision and personnel	-	14,967	-	-	14,967
Camp supplies	-	3,314	-	-	3,314
Community relations	-	3,314	-	-	3,314
Depreciation	17,449	227	-	-	17,676
Environmental studies	11,094	-	-	-	11,094
Exploration site	205,437	60,865	-	-	266,302
Legal	-	9,327	-	-	9,327
Salaries	368,759	98,556	-	-	467,315
	656,410	190,731	-	-	847,141
Acquisition costs					
Property / concession / option payments	56,402	14,686	-	-	71,088
Deposits	-	-	-	197,381	197,381
	56,402	14,686	-	197,381	268,469
Other					
Foreign exchange movement	397,099	52,280	-	-	449,379
Impairment provision	-	(2,143,748)	-	-	(2,143,748)
Balance at March 31, 2025	5,946,288	-	-	197,381	6,143,669

5. Exploration and Evaluation Assets (continued)

(a) ***Macara Project***

The Macara Project comprises two concessions as follows:

(i) On November 6, 2017 the Company entered into an option agreement with an Ecuadorian individual (the "Macara Vendor") whereby the Company was granted an option (the "Macara Option") to acquire a 100% interest in one concession (the "Macara Concession") located in the province of Loja, Ecuador. The Macara Vendor is currently an employee of the Company however, at the time the Macara Vendor acquired the Macara concessions they were at arm's length to the Company.

Pursuant to the terms of the Macara Option the Company has paid US $400,000 and agreed to make an additional cash payment of US $200,000 (the "Final Option Payment") on completion of a preliminary economics assessment or November 6, 2024 (collectively the "Option Proceeds"). As at March 31, 2025 the Final Option Payment remains unpaid and no notice of default and been delivered by the Macara Vendor to the Company while the parties are re-negotiating the terms of payment. Subsequent to March 31, 2025 the Company paid US $55,000 as a payment on account of the final option payment.

The Macara Vendor also retains a 0.5% NSR, which may be purchased by the Company for US $1,000,000 at any time.

The Macara Vendor has a participation agreement with an employee of the Company and the son of the Company's President to share the Option Proceeds equally.

(ii) In July 2017 the Company was awarded a concession (the "Bonanza Concession") located in the provinces of Loja and Tacamoros, Ecuador.

(b) ***El Potro Concession***

On August 30, 2021 the Company entered into an option to purchase agreement whereby the Company was granted the mineral title (the "El Potro Concession") located in the province of Loja, Ecuador. Pursuant to the option agreement the Company had paid a total of US $200,000 and was to make additional cash payments totalling US $950,000, with a US $150,000 payment due on August 30, 2024. The Company determined not to make the payment and, accordingly the option agreement was terminated and, during the fifteen months ended March 31, 2025, the Company recorded an impairment charge of $2,143,748 for all costs capitalized.

(c) ***Los Osos Concession***

On March 21, 2019 the Company entered into an option agreement with an Ecuadorian individual (the "Los Osos Vendor"), whereby the Company has been granted the option to acquire up to a 100% interest in one mineral concession ("Los Osos Concession") located in the province of El Oro, Ecuador. As at December 31, 2023 the Company had paid option payments totalling US $180,019 to earn a 75% interest in the Los Osos Concession and a final option payment of US $69,981 (the "Final Payment") to earn the remaining 25% interest was originally due on March 21, 2023. Although the option agreement was not terminated, due to the uncertainty of the fulfillment of the Final Payment the Company determined to record an impairment charge of $1,605,532 in fiscal 2023 for all costs capitalized. In June 2024 the Los Osos Vendor agreed to settle the Final Payment through the issuance of 1,207,175 Company shares at $0.08 per share, with the amount expensed to general exploration expense. The Company now owns 100% of the Los Osos Concession.

The Los Osos Vendor also retains a 1% NSR, which may be purchased by the Company for US $1,000,000 at any time. The Company continues to maintain the concession.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

(d) ***Other***

As at March 31, 2025 the Company has paid $197,381 for tenure payments for the concessions to be acquired in Ecuador, as described in Note 6(b).

The Company owns a 100% interest in two concessions (the "Ruminahui Project") located in the province of Pichincha, Ecuador.

The Company also has application for concessions in progress.

See also Note 15.

6. Investment in Associated Companies

The Company holds ownership interests in the following associates:

Associate	**Ownership Interest**	**March 31, 2025 $**	**December 31, 2023 $**
Salazar Holdings Ltd. ("Salazar Holdings")	25%	14,053,843	14,422,911
Minera Dos Gemas M2G S.A. ("Dos Gemas")	20%	-	-
Santos Resources Ltd. ("Santos Resources")	26%	-	-
		14,053,843	14,422,911

(a) ***Salazar Holdings - Curipamba Project***

Salazar Holdings holds a 100% interest in the Curipamba Project, consisting of seven concessions located in the provinces of Bolivar and Los Rios, Ecuador. The Curipamba Project is subject to a 2% net smelter return royalty ("NSR").

On September 14, 2017, as amended September 19, 2019, the Company entered into a definitive option agreement (the "Curipamba Option") whereby Adventus Mining Corporation ("Adventus") would earn (the "Earn-In") a 75% interest in Salazar Holdings by funding costs on the Curipamba Project of US $25,000,000 over the next five years, including the completion of a feasibility study on the El Domo deposit, subject to certain exceptions. In December 2021 Adventus delivered the completed feasibility study and provided written notice of its exercise of the Earn-in. Effective December 31, 2021 the Company agreed to the transfer of a 75% ownership interest in Salazar Holdings to Adventus, reducing its interest to 25%, under a shareholders' agreement (the "Salazar Holdings Shareholders' Agreement"), dated January 4, 2022.

In accordance with IFRS 10, *Consolidated Financial Statements*, the Company derecognized the assets and liabilities of Salazar Holdings and recognized the 25% interest as investment in associated company at its fair value of $15,081,000. The Company will continue to account for the investment in Salazar Holdings using the equity method.

Adventus is required to fund 100% of the development and construction expenditures to commercial production. Upon achievement of commercial production, Adventus will receive 95% of the dividends from the Curipamba Project until its aggregate investment, including advance payments, has been recouped minus the approximate Company carrying value of US $19,800,000 when the Curipamba Option was signed, after which dividends will be shared on a pro-rata basis according to their respective ownership. In certain circumstances where project development is delayed post earn-in, Adventus' ownership position could be diluted. In December 2024 certain amendments were made to the Salazar Holdings Shareholders' Agreement to allow funding to be provided by Silvercorp with the terms of such funding to be in compliance with the Salazar Holdings Shareholders' Agreement.

(Expressed in Canadian Dollars)

6. Investment in Associated Companies (continued)

On July 31, 2024 Adventus and Silvercorp completed a plan of arrangement by which Silvercorp acquired a 100% interest in Adventus.

The Company's investment in Salazar Holdings is as follows:

	$
Balance, December 31, 2022	14,680,601
Equity loss	(257,690)
Balance, December 31, 2023	14,422,911
Equity loss	(369,068)
Balance, March 31, 2025	14,053,843

Salazar Holdings' aggregate assets, aggregate liabilities and comprehensive loss are as follows:

	As at March 31, 2025 $	As at December 31, 2023 $
Current assets	39,559,234	1,389,628
Non-current assets	300,840,538	145,047,947
Current liabilities	(5,949,157)	(13,458,939)
Non-current liabilities	(99,379,557)	(18,678,625)
Net assets	235,071,058	114,300,011

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Total comprehensive loss for the period	(2,882,599)	(1,930,790)

(b) ***Exploration Alliance***

In fiscal 2017 and 2018 the Company entered into various agreements (the "Exploration Alliance Agreements") with Adventus to jointly explore in Ecuador (the "Exploration Alliance"). Pursuant to definitive agreements the Company holds a 20% interest in Dos Gemas and certain other companies which hold mineral concessions in Ecuador (collectively the "Exploration Alliance Concessions"). The principal concessions in the Exploration Alliance are Pijili and Santiago.

In December 2024, with the takeover of Adventus by Silvercorp, the Company entered into a binding letter agreement (the "Silvercorp LOI") to acquire the Exploration Alliance Concessions. In addition to the Exploration Alliance Concessions, the Company has also agreed to purchase other exploration concessions wholly-owned by Silvercorp on similar acquisition terms to the Exploration Alliance Concessions. Under the terms of the Silvercorp LOI Silvercorp will transfer shares of various Ecuadorian subsidiaries to the Company in exchange for NSR royalties in such properties:

(i) the portion of the Santiago Project Silvercorp owns to the Company in exchange for a 1.5% NSR royalty on the entire project, subject to a US $3,000,000 repurchase option;
(ii) the portion of the Pijilí Project Silvercorp owns to the Company in exchange for a 1.5% NSR royalty on the entire project, subject to an option to repurchase a 1% NSR royalty in exchange for US $1,000,000;

(Expressed in Canadian Dollars)

6. Investment in Associated Companies (continued)

(iii) the Tarqui Project in exchange for a 1.5% NSR royalty on the entire project, subject to an option to repurchase a 1% NSR in exchange for US $1,000,000; and
(iv) the Quimi Project in exchange for a 1.5% NSR royalty on the project, subject to an option to repurchase a 1% NSR royalty in exchange for US $1,000,000.

The Company currently owns 20% of Santiago and Pijili and this transaction will provide the Company with full ownership.

Completion of the transactions contemplated in the Silvercorp LOI are subject to the finalization of definitive agreements and customary closing conditions. See also Note 15(a).

As at March 31, 2025 the Company has paid a total of $197,381 for tenure payments for the concessions to be acquired. See also Note 15(b).

In anticipation of signing the definitive acquisition agreement with Silvercorp, the Company has entered into a letter agreement to complete a joint venture agreement with a third-party to advance the Tarqui and Quimi Projects. Subsequent to March 31, 2025 the Company received US $200,000 as an advance for an option on the Tarqui and Quimi Projects. See also Note 15(a).

Dos Gemas' aggregate assets, aggregate liabilities and comprehensive loss are as follows:

	As at March 31, 2025 $	As at December 31, 2023 $
Current assets	5,377	42,413
Non-current assets	-	15,767,378
Current liabilities	-	(171,452)
Non-current liabilities	(9,656)	(15,352,841)
Net assets (liabilities)	(4,279)	285,498

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Total comprehensive loss for the period	(510)	-

(c) ***Santos Resources - Los Santos Concession***

On December 8, 2020 the Company entered into a binding letter of intent (the "Los Santos LOI") with Minera Mesaloma S.A. ("Mesaloma") whereby the Company may acquire up to a 100% interest in the Los Santos Concession, located in southwest Ecuador. Pursuant to the terms of the Los Santos LOI the Company made an initial payment of US $25,000 in December 2020 and, at Mesaloma's election, in January 2021 the Company issued 177,283 units, comprising 177,283 common shares and 88,642 warrants, with each warrant entitling Mesaloma to acquire an additional common share at a price of $0.385 per share, expiring July 22, 2022. The value assigned to the common shares was $62,935 and to the warrants was $11,523 for a total fair value of $74,458.

6. Investment in Associated Companies (continued)

On November 24, 2021, as amended on July 16, 2022, the Company and Mesaloma and other parties (collectively the "Optionor") completed the definitive agreement (the "Mining Option and Shareholders' Agreement") under which the Company could acquire up to a 90% beneficial interest in Santos Resources, a company incorporated to hold a 100% beneficial interest in the Los Santos Concession. The Company made an initial payment of US $150,000 and earned an initial 21% interest. The Company could earn the remaining 69% interest by making further option payments totalling US $1,800,000.

During fiscal 2023 the Company reviewed its ongoing exploration results on the Los Santos Concession and the Company's remaining investment obligation in Santos Resources and, accordingly, determined to record an impairment of $2,474,365 to fully impair its investment in Santos Resources. The Company terminated the Mining Option and Shareholders' Agreement on March 28, 2024 and recorded an imapirment of $2,474,365 in fiscal 2023 for all amounts incurred to its earn-in.

7. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Fifteen Months Ended March 31, 2025

The Company completed non-brokered private placement financings as follows:

(i) in April 2024 the Company issued a total of 30,600,000 common shares at $0.05 per share, for proceeds of $1,530,000. Directors and/or officers of the Company purchased a total of 7,697,697 common shares; and

(ii) in August 2024 the Company issued a total of 7,140,000 common shares at $0.07 per share, for proceeds of $499,800. Directors, officers and a spouse of a director of the Company purchased a total of 2,650,000 common shares.

(iii) In January 2025 the Company issued 25,000,000 common shares at $0.07 per share, for gross proceeds of $1,750,000. Directors, officers and a spouse of a director of the Company purchased a total of 5,484,000 common shares.

The Company incurred $24,992 for filing fees associated with these private placements.

Fiscal 2023

On January 10, 2023 the Company completed the final tranche of the $0.10 Financing and issued 3,685,210 common shares for $368,521.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2025 and December 31, 2023 and the changes for the periods ended on those dates is as follows:

	Fifteen Months Ended March 31, 2025		Twelve Months Ended December 31, 2023	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	2,114,320	0.24	2,114,320	0.24
Expired	(1,000,000)	0.12	-	-
Balance, end of period	1,114,320	0.35	2,114,320	0.24

As at March 31, 2025 the Company had warrants outstanding and exercisable to purchase 1,114,320 common shares at a price of $0.35 per share expiring on or before February 2, 2026.

(d) ***Share Option Plan***

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the fifteen months ended March 31, 2025 the Company granted share options to purchase 11,640,588 common shares and recorded compensation expense of $708,671 on the granting of share options. In addition the Company recorded share-based compensation of $13,394 on the vesting of share options preciously granted.

During the twelve months ended December 31, 2023 the Company granted share options to purchase 8,500,000 common shares and recorded compensation expense of $255,000 on the granting of share options. In addition the Company recorded share-based compensation of $60,468 on the vesting of share options preciously granted.

The fair value of share options granted is estimated using the Black-Scholes option pricing model using the following assumptions:

	Fifteen Months Ended March 31, 2025	Twelve Months Ended December 31, 2023
Risk-free interest rate	3.05% - 3.55%	3.18%
Estimated volatility	69% - 86%	64%
Expected life	1 year - 5 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options granted during the fifteen months ended March 31, 2025 was $0.06 and during the twelve months ended December 31, 2023 was $0.03 per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

A summary of the Company's share options at March 31, 2025 and December 31, 2023 and the changes for the periods ended on those dates, is as follows:

	Fifteen Months Ended March 31, 2025		Twelve Months Ended December 31 2023	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	14,987,000	0.14	6,887,000	0.19
Granted	11,640,588	0.08	8,500,000	0.10
Exercised	(1,907,175)	0.09	(400,000)	0.10
Expired	(6,637,000)	0.15	-	-
Balance, end of period	18,083,413	0.11	14,987,000	0.14

The following table summarizes information about the share options outstanding and exercisable at March 31, 2025:

Number	Exercise Price $	Expiry Date
1,889,000	0.07	January 10, 2026
1,750,000	0.29	April 6, 2026
7,100,000	0.10	May 23, 2028
3,594,413	0.08	May 16, 2029
3,750,000	0.105	May 16, 2029
18,083,413		

(e) ***Restricted Share Units ("RSU") Plan***

On August 27, 2020 and amended on December 6, 2022 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 2,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

A summary of the Company's RSUs at March 31, 2025 and December 31, 2023 and the changes for the periods ended on those dates, is as follows:

	Fifteen Months Ended March 31, 2025 Number of RSUs	Twelve Months Ended December 31, 2023 Number of RSUs
Balance, beginning of period	763,000	863,000
Redeemed	-	(100,000)
Balance, end of period	763,000	763,000

During the twelve months ended December 31, 2023 the Company recorded share-based compensation of $37,462 relating to the vesting of RSUs previously awarded.

(Expressed in Canadian Dollars)

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Compensation of Key Management Personnel*

During the fifteen months ended March 31, 2025 and the twelve months ended December 31, 2023 the following amounts were incurred with respect to the President & Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the former Executive Vice-President of the Company:

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Salaries and fees	157,870	134,657
Health benefits	3,106	6,988
Share-based compensation - share options	152,628	97,235
Share-based compensation - RSUs	-	14,951
	313,604	253,831

As at March 31, 2025 $2,156 (December 31, 2023 - $13,250) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Other Related Party Transactions*

(i) During the fifteen months ended March 31, 2025 and the twelve months ended December 31, 2023 the following amounts were incurred with respect to non-executive directors of the Company:

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Consulting	65,487	49,429
Share-based compensation - share options	173,752	69,521
Share-based compensation - RSUs	-	12,556
	239,239	131,506

As at March 31, 2025 $4,500 (December 31, 2023 - $13,342) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the fifteen months ended March 31, 2025 the Company incurred a total of $73,258 (twelve months ended December 31, 2023 - $56,604) to Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administration services provided by Chase personnel, excluding the director. As at March 31, 2025 $nil (December 31, 2023 - $4,629) remained unpaid and has been included in accounts payable and accrued liabilities.

During the fifteen months ended March 31, 2025 the Company also recorded $15,000 (twelve months ended December 31, 2023 - $6,300) share-based compensation for share options granted to Chase.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(iii) During the fifteen months ended March 31, 2025 the Company incurred $nil (twelve months ended December 31, 2023 - $32,386) for equipment rental services and $146,396 (twelve months ended December 31, 2023 - $175,422) for professional services provided by a private corporation controlled by the President of the Company. As at March 31, 2025 $nil (December 31, 2023 - $106,854) remained unpaid and has been included in accounts payable and accrued liabilities.

During the fifteen months ended March 31, 2025 the Company also recorded $42,000 (twelve months ended December 31, 2023 - $21,000) share-based compensation for share options granted to the private corporation controlled by the President of the Company.

(iv) During the fifteen months ended March 31, 2025 the Company incurred $37,441 (twelve months ended December 31, 2023 - $29,147) for a storage facility provided by a private corporation controlled by family members of the President of the Company. As at March 31, 2025 $4,891 (December 31, 2023 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(v) During the fifteen months ended March 31, 2025 the Company incurred $32,588 (twelve months ended December 31, 2023 - $nil) for consulting services provided by a private corporation controlled by the CFO of the Company.

(vi) During the fifteen months ended March 31, 2025 the Company paid $24,961 (twelve months ended December 31, 2023 - $nil) to an unregistered foundation of which a director of the foundation is a family member of the President of the Company, to fund ongoing community costs in Ecuador. During the fifteen months ended March 31, 2025 the Company also recorded $19,764 (twelve months ended December 31, 2023 - $12,000) share-based compensation for share options granted to the foundation.

(vii) During the fifteen months ended March 31, 2025 the Company advanced a total of $35,846 to a private corporation controlled by the President of the Company. The advances are non-interest bearing and without fixed terms of repayment and remained unpaid as at March 31, 2025.

(viii) See also Notes 5(a) and 7(b).

9. Income Taxes

Deferred income tax assets and liabilities of the Company as at March 31, 2025 and December 31, 2023, are as follows:

	March 31, 2025 $	December 31, 2023 $
Deferred income tax assets (liabilities):		
Losses available for future periods	2,563,600	2,018,400
Financing costs	24,300	47,600
Difference between book value and income tax costs of:		
- exploration and evaluation assets	2,268,500	1,747,800
- property, plant and equipment	(35,800)	(32,900)
	4,820,600	3,780,900
Unrecognized deferred tax asset	(4,820,600)	(3,780,900)
Net deferred tax asset	-	-

(Expressed in Canadian Dollars)

9. Income Taxes (continued)

The recovery of income taxes shown in the consolidated statements of operations differs from the amounts obtained by employing substantively enacted statutory rates to the loss before provision for income taxes for the fifteen months ended March 31, 2025 and the twelve months ended December 31, 2023 as follows:

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Loss before income taxes	(5,532,616)	(5,675,322)
Statutory tax rate	27.0%	27.0%
Expected income tax (recovery) expense	(1,493,800)	(1,532,300)
Foreign income tax rate differences	(180,100)	(102,700)
Other	164,900	72,000
Change in unrecognized deductible temporary differences	1,509,000	1,563,000
Actual income tax expense (recovery)	-	-

As at March 31, 2025 the Company has approximately $8,563,900 (December 31, 2023 - $7,374,700) of non-capital losses carried forward, and unclaimed deductions of $2,959,100 (December 31, 2023 - $1,724,200) for Canadian tax purposes available to offset future income. The non-capital losses expire from 2027 to 2045. The Company also has accumulated capital losses of approximately $802,600 (December 31, 2023 - $702,200) carried forward for income tax purposes and are available to reduce captial gains of future years.

The Company also has non-capital losses of approximately $1,142,600 (December 31, 2023 - $123,900) for Ecuadorian tax purposes.

Deferred income tax benefits which may arise as a result of these losses have not been recognized in the consolidated financial statements as their realization is unlikely.

10. Commitments

The Company is obligated to fulfill certain investment obligations on its mineral concessions in Ecuador pursuant to the following rules:

(a) When applying for new concessions via the public tender process in Ecuador, the Company, either directly or under option agreement, presented its investment offers for each concession. The investment offer represents the total amount that is required to be spent in order to maintain possession of the concession area at the end of the four-year investment period required by the Government of Ecuador. Accordingly, should the Company wish to retain possession of all the concession areas it holds as at March 31, 2025, the Company's commitment for fiscal 2026 is approximately US $21,000 (December 31, 2023 - US $1,300,000).

(b) Concessions in Ecuador that were not acquired via the public tender process require the Company to submit an annual expenditure plan to the Government of Ecuador outlining the minimum amount of committed expenditures for the upcoming year. The total obligation of the Company for these concession areas for fiscal 2026 is approximately US $55,000 (December 31, 2023 - US $65,000).

See also Note 15(b).

(Expressed in Canadian Dollars)

11. Other Income

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Operator fees	-	8,231
Advance payment	-	342,493
Recovery	180,874	-
	180,874	350,724

12. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL, FVOCI and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2025 $	December 31, 2023 $
Cash and cash equivalents	FVTPL	1,611,845	609,303
Amounts receivable	Amortized cost	97,955	549,644
Accounts payable and accrued liabilities	Amortized cost	(235,217)	(459,257)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

12. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at March 31, 2025				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash and cash equivalents	1,611,845	-	-	-	1,611,845
Amounts receivable	97,955	-	-	-	97,955
Accounts payable and accrued liabilities	(235,217)	-	-	-	(235,217)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's significant subsidiary is located in Ecuador which has adopted the US Dollar as its currency.

The Company also maintains cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2025, 1 Canadian Dollar was equal to 0.70 US Dollar.

Balances are as follows:

	US $	CDN $ Equivalent
Cash and cash equivalents	291,464	416,377
Amounts receivable	68,138	97,955
VAT receivable	55,075	78,679
Accounts payable and accrued liabilities	(129,415)	(184,879)
	285,262	408,132

Based on the net exposures as of March 31, 2025 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's comprehensive loss being approximately $43,000 higher (or lower).

(Expressed in Canadian Dollars)

12. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

13. Supplemental Cash Flow Information

Non-cash activities were conducted by the Company as follows:

	Fifteen Months Ended March 31, 2025 $	Twelve Months Ended December 31, 2023 $
Operating activity		
Depreciation	17,676	37,009
Investing activity		
Exploration and evaluation assets	(17,676)	(37,009)
Financing activities		
Issuance of common shares	126,502	49,000
Share-based payments reserve	(126,502)	(49,000)
	-	-

14. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Ecuador and its corporate assets are located in Canada.

	As at March 31, 2025		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	1,448,773	936,226	2,384,999
Property, plant and equipment	-	800,134	800,134
Exploration and evaluation assets	-	6,143,669	6,143,669
Investment in associated companies	14,053,843	-	14,053,843
	15,502,616	7,880,029	23,382,645

(Expressed in Canadian Dollars)

14. Segmented Information (continued)

	December 31, 2023		
	Corporate Canada $	Mineral Operations Ecuador $	Total $
Current assets	490,165	1,304,840	1,795,005
Property, plant and equipment	-	892,053	892,053
Exploration and evaluation assets	-	6,722,428	6,722,428
Investment in associated companies	14,422,911	-	14,422,911
	14,913,076	8,919,321	23,832,397

15. Events after the Reporting Period

(a) In July 2025 the Company and Silvercorp completed the definitive agreement related to the transactions described in Note 6(b).

(b) Subsequent to March 31, 2025 the Ecuadorian Control and Regulation Agency ("ARCOM") put forth a resolution related to a new administrative fee on the mining sector. The stated objective of this fee is to strengthen oversight and combat illegal mining activities. This fee is to be applied to all mining operations, except for artisanal mining, with the aim of generating funds to support enforcement efforts. The proposed fee would require the Company to pay approximately US $332,000 for its current concessions, of which US $47,000 is due in July 2025 and US $285,000 is due in January 2026. A significantly higher fee will be incurred on the completion of the purchase of the concessions from Silvercorp (see Note 6(b)) or on any new licences granted to the Company. As the company has planned to farm out substantially all of the concessions acquired from Silvercorp (see Note 6(b)) the fee will be payable by a third party.

The Company is aware that four constitutional challenges against the new administrative fees have been presented in Ecuador and are being analyzed by the Court to determine if the claims will be accepted. The decision whether or not to accept the claims may take several months and, if accepted, the constitutional challenges could take several years. In the meantime, if the claims are accepted, ARCOM may or may not be directed to halt the collection of the fees.

(c) See also Notes 5(a) and 5(b).