

MASIVO SILVER CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND 2022

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Masivo Silver Corp. as at June 30, 2023 and 2022, notes to unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

MASIVO SILVER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	JUNE 30, 2023	MARCH 31, 2023
Current		
Cash	\$ 34,090	\$ 12,779
Restricted cash	-	46,000
Receivables	472	-
Prepaid expenses	5,250	29,837
	39,812	88,616
Exploration and evaluation asset (Note 4)	20,000	20,000
	\$ 59,812	\$ 108,616

LIABILITIES AND EQUITY (DEFICIENCY)

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 160,248	\$ 151,089
Equity (Deficiency)		
Share capital (Note 6)	14,605,945	14,605,945
Share subscriptions received (Note 6)	35,010	25,000
Reserves	1,811,504	1,811,504
Deficit	(16,552,895)	(16,484,922)
	(100,436)	(42,473)
	\$ 59,812	\$ 108,616

Nature and continuance of operations (Note 1)

On behalf of the Board:

"David Coburn" Director "Kurt Heimpel" Director

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

MASIVO SILVER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended June 30, 2023	Three months ended June 30, 2022
EXPENSES		
Accounting and audit	\$ 11,500	\$ 7,500
Consulting fees	-	5,066
Legal	-	5,256
Management fees (Note 9)	40,298	38,304
Mineral property costs (Note 5)	7,750	21,452
Office	504	5,682
Share-based compensation (Note 8)	-	-
Shareholder and investor relations	6,750	-
Transfer agent and regulatory fees	1,970	12,574
	<u>(68,772)</u>	<u>(95,834)</u>
OTHER INCOME (EXPENSES)		
Interest income	799	-
Foreign exchange gain (loss)	-	96
	<u>799</u>	<u>96</u>
Loss and comprehensive loss for the period	<u>\$ (67,973)</u>	<u>\$ (95,738)</u>
Loss per common share – basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding - Basic and diluted	<u>21,907,494</u>	<u>19,400,294</u>

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

MASIVO SILVER CORP.
STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED JUNE 30, 2023 and 2022

	Number of Shares	Amount	Share subscriptions received	Reserves	Deficit	Total
Balance – April 1, 2022	19,400,294	13,979,145	-	1,611,620	(15,563,586)	27,179
Shares issued for private placement	2,207,200	551,800	-	-	-	551,800
Share subscriptions received	-	-	50,000	-	-	50,000
Net loss and comprehensive loss for the year	-	-	-	-	(95,738)	(95,738)
Balance – June 30, 2022	19,607,494	\$ 14,530,945	\$ 50,000	\$ 1,611,620	\$ (15,659,324)	\$ 533,241
Balance – April 1, 2023	21,907,494	\$ 14,605,945	\$ 25,000	\$ 1,811,504	\$ (16,484,922)	\$ (42,473)
Share subscriptions received	-	-	10,010	-	-	10,010
Net loss and comprehensive loss for the year	-	-	-	-	(67,973)	(67,973)
Balance – June 30, 2023	21,907,494	\$ 14,605,945	\$ 35,010	\$ 1,811,504	\$ (16,552,895)	\$ (100,436)

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

MASIVO SILVER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Loss for the period	\$ (67,973)	\$ (95,738)
Changes in non-cash working capital:		
Receivables	(472)	(199,437)
Prepaid expense	24,587	9,851
Accounts payable and accrued liabilities	9,159	27,256
	<u>(34,699)</u>	<u>(258,068)</u>
Cash flows from investing activities:		
Expenditures on resource properties	-	(32,375)
Cash flows from financing activities:		
Shares issued for cash (net)	-	551,800
Share subscriptions received	10,010	50,000
GIC Redemption	46,000	-
	<u>56,010</u>	<u>601,800</u>
Increase in cash	21,311	311,357
Cash – beginning of the period	12,779	70,016
Cash – end of the period	\$ 34,090	\$ 381,373

MASIVO SILVER CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND 2022

1. NATURE AND CONTINUANCE OF OPERATIONS

Masivo Silver Corp. (the “Company”) is in the business of mineral property exploration and development in Mexico and Nevada. The Company was incorporated under the Business Corporations Act (British Columbia) on February 11, 2011 and is publicly listed on the TSX Venture Exchange (the “Exchange”) under the symbol MASS. The Company’s head office is located at Suite 312–125 West 18th Street, Vancouver, BC, Canada V7M 1W5.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company had a net loss of \$67,973 for the three months ended June 30, 2023, and an accumulated deficit of \$16,552,895 (March 31, 2023 – \$16,484,922), which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern is uncertain and is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of higher inflation and the energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on August 29, 2023.

Consolidation

The condensed consolidated interim financial statements include, on a consolidated basis, the assets, liabilities, revenues and expenses of the Company and its wholly-owned dormant subsidiaries, Gainey Mexico, S.A. de C.V. and Minera Buena Fortuna, S.A. de C.V., which were incorporated in Mexico and which carry out the exploration and evaluation activities in Mexico. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany transactions and balances are eliminated on consolidation.

MASIVO SILVER CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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2. BASIS OF PREPARATION (cont'd)

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. NEW STANDARDS PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	El Colomo Property	Jackpot Property	La Noria Property	Totals
Acquisition costs:	\$	\$	\$	\$
Beginning balance: April 1, 2023	20,000	-	-	20,000
Acquisition costs – June 30, 2023	20,000	-	-	20,000
Exploration costs - Beginning balance:	-	-	-	-
Exploration costs during the year	-	-	-	-
Exploration costs – June 30, 2023	-	-	-	-
Acquisition and Explorations costs – June 30, 2023	20,000	-	-	20,000

There were no exploration costs incurred on the El Colomo property during the three months ended June 30, 2023. The global outbreak of COVID-19 is still ongoing and has had a significant impact on businesses through the restrictions put in place by the Canadian and Mexican governments regarding travel, business operations and isolation/quarantine orders.

El Colomo Property

On October 2, 2013, the Company completed the acquisition from Golden Anvil S.A. de C.V. ("Golden Anvil") of certain assets comprising of the El Colomo concessions, a concentration plant, and other associated assets and equipment all located in Mexico.

The Company has not registered the concessions under the Company name with the Public Registry of Mines ("PRM") in Mexico. These mineral concessions are registered with the PRM under the name of Golden Anvil and the Company has been assigned the rights to explore the concessions.

Promissory Note

As part of the El Colomo acquisition, the Company could recover property costs incurred by the Company on behalf of Golden Anvil through a promissory note ("Note"). Due to uncertainty in collecting the Note, the Company accounted for the costs incurred as part of exploration and evaluation assets. Any amounts received from the Note will be offset against exploration and evaluation assets.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION ASSETS (cont'd)

Promissory Note (cont'd)

The Note has an interest rate of 12% per annum compounded monthly. The Note is secured by 800,000 common shares issued as part of the El Colomo acquisition ("Pledged Shares") and personally guaranteed by Marco Antonio Rincon-Valdes (a former director of the Company) and Francisco Rolando Rincon-Romo. Pursuant to the Note, Golden Anvil agreed to repay 50% of the original balance on or before October 2, 2014, and the remaining 50% on or before April 2, 2015. Payment was not made, and the Company has taken action pursuant to the personal guarantees and if necessary, the Company may realize on the Pledged Shares.

During the year ended March 31, 2017, the Company received notice of a claim from Marco Antonio Rincon-Valdes seeking the delivery of 571,337 escrowed common shares of the Company pursuant to the terms of the El Colomo purchase agreement, as well as for general damages associated with a claimed breach of the purchase agreement. As at June 30, 2023, no provisions have been recorded for any potential liability arising from this matter, as management believes the claim to be without merit, with the likelihood of the Company being required to pay general damages being remote.

Jackpot Minerals LLC Property Option Agreement

On May 14, 2021, the Company entered into an option agreement with Jackpot Minerals LLC ("Jackpot") granting the Company the right to earn a 100% interest in and to the Property in Elko County, Nevada. Jackpot owns an undivided 100% interest in and to 65 unpatented mining claims and one patented claim in Elko County known as the JP claims and the Boston Mine.

Under the terms of the Agreement, the Company can earn a 100% interest in the Property by making aggregate cash payments of US\$450,000, issuing 8,000,000 common shares, as set out in the table below, and issue 1,000,000 common share purchase warrants (issued), exercisable at \$0.15 for a two-year period, and by incurring US\$1,000,000 of cumulative exploration expenditures over a four-year period as set out in the table below.

The Property is also subject to a 2% NSR royalty, of which up to 1% may be purchased by the Company at USD\$500,000 for each 0.5% NSR until the commencement of commercial production.

During the year March 31, 2023, the Company impaired the acquisition costs and exploration costs for the property due to uncertainty as to whether the Company will continue to pursue exploration on the property. For the year ended March 31, 2022, the Company impaired the acquisition costs for the property as a result of the Company's non-payment of the full amount of the initial cash payment upon TSX venture Exchange approval.

Payment Term	Masivo Common Shares to be issued	CAD\$ Cash Payment / Exploration Expenditures
Upon approval by the TSX Venture Exchange (Received August 4, 2021)	1,000,000 shares (issued) 1,000,000 Warrants (issued)	USD\$20,000 in Cash(paid)
First anniversary date of the agreement	1,500,000 shares (issued)	USD\$25,000 in Cash (paid)/ USD\$100,000(incurred)
Second anniversary date of the agreement	1,000,000 shares	USD\$30,000 in Cash / USD\$200,000
Third anniversary date of the agreement	2,000,000 shares	USD\$35,000 in Cash / USD\$300,000
Fourth anniversary date of the agreement	2,500,000 shares	USD\$340,000 in Cash / USD\$400,000

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	March 31, 2023
Accounts payable	\$ 118,319	\$ 99,627
Accrued liabilities	41,929	51,462
	\$ 160,248	\$ 151,089

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Share issuances

Three months ended June 30, 2023

No shares were issued during the three-month period.

Year ended March 31, 2023

On June 23, 2022, the Company issued an aggregate of 2,207,200 units at a price of \$0.25 per unit for gross proceeds of \$551,800. Each unit consists of one common share and one common share purchase warrant which entitles the holder to purchase an additional common share of the Company at a price of \$0.50 for a period of two years, expiring on June 24, 2024. The proceeds of \$551,800 were allocated entirely to share capital using the residual value method.

On July 25, 2022, the Company issued 300,000 common shares to Jackpot Minerals LLC as per the terms of the Option Agreement on the Jackpot Claims property (described in Note 5) with a recorded fair value of \$75,000 for the shares.

Year ended March 31, 2022

On March 9, 2022, the Company issued 200,000 common shares and 200,000 warrants exercisable at a price of \$1.25 expiring on September 10, 2023 to Jackpot Minerals LLC as per the terms of the Option Agreement on the Jackpot Claims property (described in Note 5) with a recorded fair value of \$70,000 for the shares and \$19,800 for the value of the warrants.

On March 10, 2022, the Company issued a total of 11,000 common shares to the various concession holders of the La Noria San Diego property (described in Note 5) with a recorded fair value of \$3,575.

Shares held in escrow

Included in the common shares outstanding at June 30, 2023 are 1,334,739 (2022 – 1,334,739) common shares held in escrow, which may not be transferred, assigned or otherwise dealt without the consent of the regulators.

During the years ended March 31, 2023 and 2022, certain escrow releases were not completed pursuant to escrow agreements because of non-payment issues regarding the Note with Golden Anvil (Note 5).

Share Consolidation

On September 26, 2022, the Company completed a consolidation of its issued share capital on the basis of five old common shares for one new common share. In accordance with the share consolidation, all shares of common stock and per-share amounts disclosed herein reflect the post-share consolidation shares unless otherwise specified.

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6. SHARE CAPITAL (cont'd)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 1, 2022	7,310,000	\$ 0.17
Expired	(4,910,000)	0.50
Granted	2,207,200	0.50
Balance, March 31, 2023	4,607,200	0.47
Balance, June 30, 2023	4,607,200	\$ 0.47

Additional information regarding warrants outstanding as at June 30, 2023 is as follows:

Number of warrants	Exercise Price	Expiry Date
200,000	\$1.25	March 9, 2024
2,200,000	\$0.38	February 8, 2024
2,207,200	\$0.50	June 24, 2024

The weighted average remaining contractual life of warrants outstanding at June 30, 2023 is 0.79 years (2022 – 1.50 years).

7. SHARE-BASED PAYMENTS

Stock options

The Company follows the policies of the Exchange, under which it is authorized to grant options to officers, directors, employees and consultants, enabling them to acquire a number of shares equal to up to 10% of the issued and outstanding common shares of the Company. The exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

The changes in stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2022	1,250,000	0.13
Forfeited	(330,000)	1.71
Granted	1,200,000	0.20
Balance, March 31, 2023	2,120,000	0.35
Balance, June 30, 2023	2,120,000	\$ 0.35

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7. SHARE-BASED PAYMENTS (cont'd)

The Company applies the fair value method using the Black-Scholes Option Pricing Model in accounting for stock options granted to employees. Stock options granted to non-employee are valued using the Black-Scholes Option Pricing Model as the fair values of services received were not reliably measurable.

The fair value of the options granted was calculated using the following weighted average assumptions:

	2023	2022
Expected life (years)	5.0	2.0
Risk-free interest rate	2.80%	0.32%
Expected annualized volatility	136 %	93.80 %
Dividend yield	N/A	N/A
Stock price at grant date	0.19	0.07
Exercise price	0.20	0.75
Weighted average grant date fair value	0.17	0.07

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

The following stock options were outstanding and exercisable at June 30, 2023:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
180,000	180,000	\$ 0.60	April 1, 2024
260,000	260,000	0.60	September 17, 2024
480,000	480,000	0.50	February 23, 2026
1,200,000	1,200,000	0.20	January 18, 2028
2,120,000	2,120,000	\$ 0.35	

The weighted average remaining contractual life of stock options outstanding at June 30, 2023 is 3.39 years (2022 – 1.90 years).

Reserves

The Company records items recognized as share-based compensation expense within reserves until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The remuneration of key management personnel, being those persons determined as having authority and responsibility for planning, directing and controlling the activities of the Company during the three months ended June 30, 2023 and 2022 is as follows:

	Three months ended	
	June 30, 2023	June 30, 2022
Management fees paid/accrued to the CEO	\$ 40,298	\$ 38,304
Accounting fees paid/accrued to the CFO	7,500	7,500
	\$ 47,798	\$ 45,804

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8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

As at June 30, 2023, included in accounts payable is \$53,831, (2022 - \$30,804) payable to the CEO and \$13,125, (2022 - \$Nil) payable to the CFO.

9. MANAGEMENT OF CAPITAL

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, exploration and evaluation of exploration and evaluation assets. 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 future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or issue debt in the near future to meet its current obligations.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three-month period ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL RISK MANAGEMENT

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making fair value measurements. The fair value hierarchy has the following levels:

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

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

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

As at June 30, 2023, the carrying values of the Company's accounts payable approximate their fair values due to their short terms to maturity. The Company's cash and restricted cash, under the fair value hierarchy is based on level one quoted inputs.

Financial Risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consist of bank accounts held with reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances of up to \$100,000 in Canada and the Company holds nominal amounts in Mexican accounts as at June 30, 2023 and 2022. The Company

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limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. Accordingly, as at June 30, 2023, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

At June 30, 2023, the Company had a cash balance of \$34,090 (2022 - \$381,373) to settle current liabilities of \$160,248 (2022 - \$174,374).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company is exposed to liquidity risk.

Market risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At June 30, 2023, the Company was not exposed to significant interest rate risk.

The Company is principally engaged in the acquisition and exploration of exploration and evaluation assets in Mexico. To date the operating expenditures have been denominated in Canadian dollars. In the future, due to the location of operations, the Company may experience exposure to foreign exchange rate fluctuations for expenditures in foreign currencies against the Canadian dollar as the functional currency of the business entity.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Mexico and Nevada.