

**VORTEX METALS INC.
(FORMERLY VICTORY CAPITAL CORP.)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the condensed interim consolidated 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 interim financial statements of Vortex Metals Inc. (formerly Victory Capital Corp.) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

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

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT

	March 31, 2024	December 31, 2023
ASSETS		
Current		
Cash	\$ 127,228	\$ 293,871
Receivables	103,536	97,704
Prepays	<u>40,898</u>	<u>22,898</u>
	271,662	414,473
Exploration and evaluation assets (Note 4)	<u>6,384,507</u>	<u>6,384,507</u>
	<u>\$ 6,656,169</u>	<u>\$ 6,798,980</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (Deficiency)		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>2,125,858</u>	\$ <u>2,080,495</u>
	<u>2,125,858</u>	<u>2,080,495</u>
Shareholders' equity (deficiency)		
Share capital (Note 6)	10,842,432	10,842,432
Reserves (Note 6)	721,753	671,408
Deficit	<u>(7,033,874)</u>	<u>(6,795,355)</u>
	<u>4,530,311</u>	<u>4,718,485</u>
	<u>\$ 6,656,169</u>	<u>\$ 6,798,980</u>

Nature and continuance of operations and going concern (Note 1)

Approved and authorized by the Board on May 29, 2024.

<u>"Michael Williams"</u>	Director	<u>"Vikas Ranjan"</u>	Director
Michael Williams		Vikas Ranjan	

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

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Expenses		
Advertising and promotion	\$ 25,703	\$ 2,112
Consulting (Note 5)	77,368	165,426
Exploration and evaluation expenditures (Note 4)	2,100	29,721
Office expense (Note 5)	6,638	9,483
Professional fees (Note 5)	35,204	1,703
Salaries (Note 5)	37,190	51,115
Shared-based payment (Note 6)	50,345	
Transfer agent and filing fees	1,130	16,982
Travel	<u>2,841</u>	<u>14,469</u>
Total operating expense	(238,519)	(291,011)
Interest income	<u>-</u>	<u>5,993</u>
Loss and comprehensive loss for the period	<u>\$ (238,519)</u>	<u>\$ (285,018)</u>
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	<u>60,080,059</u>	<u>60,080,059</u>

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

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (238,519)	\$ (285,018)
Items not affecting cash		
Share-based compensation	50,345	-
Non-cash working capital item changes:		
Decrease (increase) in receivables	(5,832)	(10,033)
Decrease (increase) in loan receivable	-	(9,971)
Decrease (increase) in prepaid expenses	(18,000)	
Increase (decrease) in accounts payable and accrued liabilities	<u>45,363</u>	<u>(104,796)</u>
Net cash used in operating activities	<u>(166,643)</u>	<u>(409,818)</u>
 Change in cash for the period	 (166,643)	 (409,818)
Cash, beginning of period	<u>293,871</u>	<u>2,070,269</u>
Cash, end of period	<u>\$ 127,228</u>	<u>\$ 1,660,451</u>

No cash was paid for interest or taxes for period ended March 31, 2024 and 2023.

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

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital				
	Number	Amount	Reserves	Deficit	Total
Balance, December 31, 2022	60,080,059	\$ 10,842,432	\$ 601,883	\$ (4,898,690)	\$ 6,545,625
Loss for the period	-	-	-	(285,018)	(285,018)
Balance, March 31, 2023	<u>60,080,059</u>	<u>\$10,842,432</u>	<u>\$601,883</u>	<u>(5,183,708)</u>	<u>6,260,607</u>
Share-based compensation	-	-	69,525	-	69,525
Loss for the period	-	-	-	(1,611,647)	(1,611,647)
Balance, December 31, 2023	60,080,059	\$ 10,842,432	\$ 671,408	\$ (6,795,355)	\$ 4,718,485
Loss for the period	-	-	-	(188,174)	(188,174)
Balance, March 31, 2024	<u>60,080,059</u>	<u>\$ 10,842,432</u>	<u>\$ 671,408</u>	<u>\$ 6,983,529</u>	<u>\$ 4,530,311</u>

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

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Vortex Metals Inc., formerly, Victory Capital Corp. (“VCC”) (the “Company” or “Vortex”) was incorporated on November 6, 2009. The Company’s common shares are publicly listed on the Toronto Stock Exchange’s Venture Exchange (the “TSX-V”) under the symbol “VMS” (formerly “VIC”). The head office, principal address and records office of the Company are located at 120 Adelaide Street West suite 2500, Toronto, Ontario, M5H 1T1, Canada.

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Corporation’s sole source of funding has predominantly been the issuance of equity securities. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financing, or generate profitable operations in the future.

Reverse Takeover

On April 27, 2022, the Company completed the reverse takeover transaction (“RTO”) pursuant to which it acquired Acapulco Gold Holdings Ltd. (formerly Acapulco Gold Corp.) (“AGH”). AGH is principally engaged in the acquisition and exploration of resource properties. AGH is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable.

On closing of the RTO, AGH became a wholly owned subsidiary of the Company. As AGH is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on February 11, 2011, are included in these consolidated interim financial statements at their historical carrying value. The Company’s results of operations are those of AGH, with Vortex operations being included from April 27, 2022, onwards, the closing date. (Note 3)

Concurrent with the RTO, the Company and AGH completed a private placement (the “Private Placement”) of 21,660,000 common shares for gross proceeds of a \$4,332,000 (Note 6).

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below.

a) Statement of compliance

These consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their value.

b) Basis of presentation

These consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments measured at fair market value. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of Consolidation

These consolidated interim financial statements include the accounts of the Company, and its wholly owned subsidiaries, Acapulco Gold Holdings Ltd. and Empresa Minera Acagold S.A. de C.V., incorporated in Mexico, from the date of acquisition on April 27, 2022.

A subsidiary is an entity over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The accounts of the Company subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

d) Material Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2023 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

e) Significant Accounting Judgments and Estimates

The preparation of these interim 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 financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant Accounting Judgments and Estimates (continued)

- The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether to recognize these deferred tax assets; and
- The fair value of stock options and warrants issued are subject to the limitations of the Black-Scholes option pricing model which incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model required the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's policies include:

- The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized, and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The determination of functional currency of the Company and its subsidiaries.
- Acquisition of a company and reverse take-over. Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. The Company must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3 –Business Combinations, the components of a business must include inputs, processes and outputs. Management has determined that Victory Capital Corp ("VCC") did not include those components. Accordingly, the acquisition of VCC has been recorded as an acquisition of VCC's net assets (Note 3).

e) Foreign Currencies

The presentation and functional currency of the Company and its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the functional currency of the respective corporation are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities in a foreign currency are retranslated using the foreign exchange rate at the statement of financial position date. Non-monetary items are not remeasured. Foreign exchange gains or losses resulting from transactions conducted in currencies other than the functional currency of the operation in which the transaction occurs, are recognized as part of profit or loss.

f) Exploration and evaluation expenditures

The costs associated with the acquisition of property rights, including cash consideration paid, direct legal costs incurred and the issuance of shares for mineral property interests are capitalized. Where the Company has entered into an option agreement for the acquisition of a mineral property interest which provides for periodic payments, such unpaid amounts are not recorded as a liability since they are payable entirely at the discretion of the Company. At each reporting period the Company assesses for indicators of impairment.

The Company has adopted the policy of expensing exploration and evaluation expenditures incurred prior to the determination that a property has economically recoverable reserves.

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited)
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, being mineral property interests, 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. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to be revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h) Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred. Gains and losses on recognition are generally recognized in profit and loss.

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. 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 are 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 change taken through profit or loss or other comprehensive income.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified as FVOCI are measured at fair value with changes in those fair values recognized in other comprehensive income (loss) for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The following tables set out the classification of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

IFRS requires an expected credit loss model for calculation the impairment of financial assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

i) Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of assets or if an obligation to incur rehabilitation and environmental costs occurs as a result of an environmental disturbance caused by the Company's work at its projects prior to determining the existence of mineral reserves. The net present value of future rehabilitation costs is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred.

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditure. These changes are recorded directly to exploration and evaluation assets and the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. There are no decommissioning liabilities for the years presented.

j) Shared-based payment transactions

The Company has a stock option plan. The cost of stock options granted to employees and directors for services received is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment. The costs are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized within reserves in shareholders' equity.

Share based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received 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.

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expenses are the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; 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. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively at year end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which asset can be utilized.

m) New and revised standards, interpretations, and amendments

There are no IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 ACQUISITION OF ACAPULCO GOLD HOLDINGS LTD.

On April 27, 2022, the Company completed a RTO pursuant to the Merger Agreement in which the Company acquired AGH. For accounting purposes, AGH is deemed to be the accounting acquirer in such reverse takeover transaction. The net assets of VCC are acquired at fair value at April 27, 2022.

The Transaction was accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment" as Vortex did not qualify as a business according to the definition in IFRS 3. Accordingly, AGH will be the continuing entity and the total purchase price is allocated to the assets acquired and liabilities assumed based on their respective fair values with excess allocated to charge to listing fee. Additionally, the transaction was not considered to be a business acquisition as the primary item acquired was the public listing.

Replacement options of VCC were issued in the amount of 407,100 stock options and are valued at \$31,833. The fair value of the replacement options were estimated on the grant date using the Black-Scholes option model with the following weighted average variables: share price of \$0.20, risk-free interest rate of 2.62%, expected option life of 1 year, expected stock price volatility of 100% and expected dividend rate of 0%. Each replacement option gives the holder the right to purchase one common share at an exercise price of \$0.20 and for a period of 4.84 months following the release date.

VORTEX METALS INC. (FORMERLY VICTORY CAPITAL CORP.)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3 ACQUISITION OF ACAPULCO GOLD HOLDINGS LTD. (continued)

The Company issued 1,587,205 common shares with a fair value of \$317,441 as a finder's fee in connection with the RTO transaction.

The allocation of estimated consideration transferred is summarized as follows:

Purchase Price	
Fair value of the common shares of the resulting issuer held by VCC valued using the concurrent financing price.	
Common shares	\$ 1,017,750
Transaction costs (finders' shares)	317,441
Replacement options	31,833
Purchase price	<u>1,367,024</u>
Allocation of purchase price:	
Cash	\$ 52,158
Loan receivable	159,429
Accounts payable and accrued liabilities	(577,006)
Net liabilities assumed	<u>\$ (365,419)</u>
Listing fee	<u>\$ 1,732,443</u>

4. EXPLORATION AND EVALUATION ASSETS

Mexico Properties

On March 16, 2022, AGH entered into an amended and restated agreement of purchase and sale with Minera Zalamera S.A. de C.V ("Zalamera") in relation to the Riqueza Marina Project, Zaachila Project and the El Rescate Project each located in Mexico. Immediately preceding the completion of the RTO (Note 3) the Company issued a total of 25,000,000 common shares (valued at \$5,000,000) paid \$200,000 and settled assumed liabilities of \$551,838. Upon completion of the environmental impact assessment study and receipt of drill permits the Company will pay \$300,000 over 38 months and once the first set of core samples are obtained the Company will pay an additional \$150,000. The Company granted a 3% net smelter returns royalty ("NSR") over the properties.

Exploration & Evaluation Assets

	Riqueza Marina Property	Zaachila Property	Total
December 31, 2022	\$ -	\$ -	\$ -
Additions			
Cash	100,000	100,000	200,000
Liabilities assumed	280,086	271,752	551,838
Shares	2,500,000	2,500,000	5,000,000
December 31, 2023	\$ 2,880,086	\$ 2,871,752	\$ 5,751,838
Additions			
Liabilities assumed	316,334	316,335	632,669
March 31, 2024	<u>\$ 3,196,420</u>	<u>\$ 3,188,087</u>	<u>\$ 6,384,507</u>

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4. EXPLORATION AND EVALUATION (continued)

Exploration and evaluation expenditures for the three months ended March 31, 2024 and 2023

	Riqueza Marina Property	Zaachila Property	Total
Exploration and Evaluation Expenditures			
For the three months ended March 31, 2023			
Assay	\$ -	\$ -	\$ -
Field supplies and other	-	-	-
Geological	14,861	14,860	29,721
Total, March 31, 2023	\$ 14,861	\$ 14,860	\$ 29,721

	Riqueza Marina Property	Zaachila Property	Total
Exploration and Evaluation Expenditures			
For the three months ended March 31, 2024			
Geological	1,050	1,050	2,100
Maintenance costs	-	-	-
Total, March 31, 2024	\$ 1,050	\$ 1,050	\$ 2,100

	Riqueza Marina Property	Zaachila Property	Total
Property Investigation Costs			
For the three month ended March 31, 2023			
Assay	\$ -	\$ -	\$ -
Geophysics	-	-	-
Geological	-	-	-
Total, March 31, 2023	\$ -	\$ -	\$ -
For the three month ended March 31, 2024			
Assay	\$ -	\$ -	\$ -
Geophysics	-	-	-
Geological	-	-	-
Total, March 31, 2024	\$ -	\$ -	\$ -

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5. RELATED PARTY TRANSACTIONS

Key management personnel include those people who have authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

The Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated interim financial statements:

	For the three months ended March 31,	
	2024	2023
	\$	\$
Professional fees	-	-
Consulting fees	40,500	53,000
Salaries	46,500	51,115
Rent*	4,500	10,650
Total	91,500	108,615

*Rent is recorded in office expenses.

6. SHAREHOLDERS' EQUITY

Authorized

An unlimited number of common shares without par value.

Issued share capital

No share capital transactions during the period ended March 31, 2024 and the year ended December 31, 2023

During the year ended December 31, 2022, the Company:

- On April 27, 2022, completed the RTO and exchanged 20,215,000 common shares for subscription receipts at a price of \$0.20 per common share recorded as subscriptions received in advance as at December 31, 2021. Additionally, the Company issued 1,445,000 common shares for subscription receipts of \$289,000 received by VCC. The Company issued 1,732,800 finders' warrants valued at \$184,503. Each warrant allows the holder to purchase one common share at \$ 0.20 per common share for a period of 24 months. The fair value of the warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 2.50%, a forfeiture rate of 0%, and volatility of 100%.
- On April 27, 2022, issued 25,000,000 common shares at a price of \$0.20 for a value of \$5,000,000 in relation to the acquisition the Riqueza Marina Project, Zaachila Project and the El Rescate Project each located in Mexico (Note 4).
- On April 27, 2022, issued 5,088,750 common shares at \$0.20 per share for a value of \$1,017,750 as part of the RTO. In addition, the Company issued 1,587,205 common shares at \$0.20 per share for a value of \$317,441 recorded as transaction costs associated to the RTO.

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6. SHAREHOLDERS' EQUITY (continued)

Escrow Shares

As at December 31, 2023, the Company had 2,046,597 common shares in escrow and 11,770,943 common shares subject to seed share resale restrictions.

	Common share in Escrow	Common shares subject to seed share resale restrictions
December 31, 2023	2,046,597	11,770,944
May 6, 2024	1,364,398	7,847,296
November 6, 2024	682,199	3,923,648

Share purchase warrants

As at December 31, 2023 and 2022, the following share purchase warrants were outstanding:

	Number of share purchase warrants	Weighted average exercise price
Balance, December 31, 2022	1,732,800	\$0.20
Granted	-	-
Balance, December 31, 2023 and March 31, 2024	1,732,800	\$ 0.20

The share purchase warrants expired on April 27, 2024.

Stock options

Stock Option Plan

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Stock options	Weighted average exercise price
Balance, December 31, 2022	4,757,100	\$ 0.20
Expired	407,100	\$ 0.20
Balance, December 31, 2023 and March 31, 2023	4,350,000	\$ 0.20
Granted	750,000	\$ 0.10
Balance, March 31, 2024	5,100,000	\$ 0.19

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6. SHAREHOLDERS' EQUITY (continued)

As at December 31, 2023, the following stock options were outstanding:

Number of Options Issued and Exercisable	Weighted Average Exercise Price	Expiry Date
4,350,000	\$ 0.20	July 28, 2032
750,000	\$ 0.10	January 17, 2029
5,100,000	\$ 0.19	

During the three months ended March 31, 2024, the Company issued 750,000 share purchase options (December 31, 2023 – Nil).

Options were priced based on the Black-Scholes options pricing model using the following weighted average assumptions to estimate the fair value of option granted:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Risk-free interest rate	3.58%	N/A
Expected option life in years	5	N/A
Expected share price volatility	100%	N/A
Grant date share price	\$0.09	N/A
Expected forfeiture rate	Nil	Nil
Expected dividend yield	Nil	Nil

7. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in Mexico (Note 4).

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments.

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8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of goods and services tax receivable from the government of Canada agency.

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 manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year. The Company is exposed to liquidity risk.

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.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any demand deposit included in cash as they are generally held with large financial institutions. The Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties 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 (deficiency).

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

9. SUBSEQUENT EVENT

- a.) On April 25, 2024, the Company completed a private placement whereby it issued 19,369,411 units at \$0.09 per unit for total proceeds of \$1,743,247. Each unit was comprised of one common share in the capital of the Company and one share purchase warrant allowing the holder to purchase one common share at a price of \$0.135 per share until April 25, 2026.
- b.) On April 27, 2024, 1,732,800 share purchase warrants expired unexercised.
- c.) On May 1, 2024, the Company received final approval from the TSX Venture Exchange ("TSX" or the "Exchange") for its proposed acquisition of up to an 80-per-cent interest in the Illapel copper project (the "Illapel Project") in Chile, pursuant to an option agreement ("Option Agreement") dated Nov. 17, 2023, with Windows Minerals SCM and SLM Rio 27 de Farellon Sanchez (together with Windows, the optionors).

The highlights of the Illapel Copper Project are as follows:

- Comprised of three mineral licenses totaling approximately 6,000 hectares;
- Right of first refusal on the currently operating Rio 27 copper mine with average grade of 1.39 per cent copper for processed ore;
- Proximity to the El Espino copper project, with an estimated value of US\$380-million;
- North and south of Rio 27 mine: Mineralization extending along strike from the Rio 27 mine;
- Permitted for drilling -- epithermal gold-copper targets: Mapping and drilling of epithermal veins in the concession's western portion;
- Proximity to major infrastructure, paved roads, power grid and water;
- Low elevation, 1,500 metres above sea level with year-round drilling conditions.

Pursuant to the terms of the Option Agreement, the Company has an option to earn a 60-per-cent interest in the Illapel Project (the first option) by making total cash payments of at least US\$1.1-million over a four-year period, issuing a maximum of 23 million common shares of the company over a six-year period, incurring exploration expenditures on the Illapel project totaling US\$10-million over a five-year period, and completing a prefeasibility study within the next six years.

If the first option is exercised in full, the optionors have agreed to grant an exclusive option to the company to acquire an additional 20-per-cent interest in the entity that will be incorporated upon exercise of the first option, following the terms set out in the option agreement.

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9. SUBSEQUENT EVENT (continued)

All common shares issued pursuant to the option agreement will be subject to a contractual restriction on transfer from the date of issuance in accordance with the following schedule: (a) 25 per cent within six months of the issue date; (b) 25 per cent within eight months of the issue date; (c) 25 per cent within 10 months from the issue date; and (d) 25 per cent within 12 months of the issue date.

Upon exercise of the first option, the optionors will be granted a 2.5-per-cent net smelter returns (NSR) royalty on the Illapel project. The company can buy back 0.5 per cent of the NSR for \$1.75-million. If the company incurs in excess of \$10-million in exploration expenditures within a five-year period after closing but does not exercise the first option, then Windows will grant the company a 1.5-per-cent net smelter returns royalty (the expenditure return royalty) on the Illapel project and a mortgage and prohibition to transfer the Illapel project in favour of the company to secure payment of the expenditure return royalty.

In connection with the option agreement, the company will pay a finder's fee to Ishkan Inc. of (i) a maximum of US\$47,500 in cash; and (ii) a maximum of 987,500 common shares as consideration common shares are issued to Windows, with both the cash and common share issuances made pursuant to the option agreement in accordance with a predetermined issuance schedule. The exchange has approved the finder's fee.