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Condensed Interim Consolidated Financial Statements  
For the nine month periods ended April 30, 2024, and 2023  
Presented in Canadian dollars.

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**Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the nine months Ended April 30, 2024, and 2023**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tarachi Gold Corp. for the interim periods ended April 30, 2024, and 2023, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

June 28, 2024

**TARACHI GOLD CORP.**

## Condensed Interim Consolidated Statements of Financial Position

Unaudited - (Expressed in Canadian Dollars)

|                                                   | Note | April 30, 2024<br>\$ | July 31, 2023<br>\$ |
|---------------------------------------------------|------|----------------------|---------------------|
| <b>ASSETS</b>                                     |      |                      |                     |
| <b>Current Assets</b>                             |      |                      |                     |
| Cash                                              | 3    | 114,940              | 194,303             |
| Short-term investments                            | 3    | 3,230,310            | 2,240,090           |
| Tax and other receivables                         | 4    | 100,596              | 20,264              |
| Prepaid expenses                                  |      | 23,894               | 14,142              |
| Consideration receivable                          | 5    | -                    | 993,092             |
| Total current assets                              |      | 3,469,740            | 3,461,891           |
| Exploration and evaluation assets                 | 5,6  | 1                    | 1                   |
| <b>TOTAL ASSETS</b>                               |      | <b>3,469,741</b>     | <b>3,461,892</b>    |
| <b>LIABILITIES</b>                                |      |                      |                     |
| <b>Current liabilities</b>                        |      |                      |                     |
| Accounts payable and accrued liabilities          |      | 7,729                | 57,828              |
| Due to related party                              |      | -                    | -                   |
| <b>TOTAL LIABILITIES</b>                          |      | <b>7,729</b>         | <b>57,828</b>       |
| <b>SHAREHOLDERS' EQUITY</b>                       |      |                      |                     |
| Share capital                                     | 7    | 24,236,857           | 24,236,857          |
| Contributed surplus                               | 7    | 3,346,883            | 3,346,883           |
| Accumulated deficit                               |      | (24,544,153)         | (24,506,077)        |
| Accumulated other comprehensive income            |      | 422,425              | 326,401             |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |      | <b>3,462,012</b>     | <b>3,404,064</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |      | <b>3,469,741</b>     | <b>3,461,892</b>    |

Nature of operations and going concern (Note 1)

Approved on behalf of the board of directors on June 28, 2024:

*"Dilshan Anthony"*

Dilshan Anthony, Director

*"Karlene Collier"*

Karlene Collier, Director

# TARACHI GOLD CORP.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Unaudited - (Expressed in Canadian Dollars)

|                                                                          |      | For the three months ended |                       | For the nine months ended |                        |
|--------------------------------------------------------------------------|------|----------------------------|-----------------------|---------------------------|------------------------|
|                                                                          | Note | April 30,<br>2024          | April 30,<br>2023     | April 30,<br>2024         | April 30,<br>2023      |
| <b>EXPENSES</b>                                                          |      |                            |                       |                           |                        |
| Consulting fees                                                          | 8    | \$ 17,734                  | \$ 61,201             | \$ 39,300                 | \$ 175,687             |
| General and administrative costs                                         |      | 3,014                      | 56,345                | 47,886                    | 153,879                |
| Insurance                                                                |      | 3,822                      | 13,883                | 11,798                    | 40,051                 |
| Management fees                                                          | 8    | 13,401                     | 38,587                | 38,872                    | 112,987                |
| Professional fees                                                        |      | 2,457                      | (25,956)              | 13,091                    | 47,654                 |
| Shareholder information and investor relations                           |      | 331                        | 13,759                | 8,559                     | 150,203                |
| Transfer agent and filing fees                                           |      | 10,279                     | 21,357                | 34,601                    | 34,206                 |
| <b>Total operating expenses</b>                                          |      | <b>\$ (51,038)</b>         | <b>\$ (179,176)</b>   | <b>\$ (194,107)</b>       | <b>\$ (714,667)</b>    |
| <b>Other income (expenses)</b>                                           |      |                            |                       |                           |                        |
| Foreign exchange loss                                                    |      | -                          | 869,446               | -                         | 656,091                |
| Interest income                                                          |      | 39,759                     | 32                    | 113,893                   | 962                    |
| Consideration receivable revaluation gain                                | 5    | -                          | -                     | 42,138                    | -                      |
| Disposal group held for sale - impairment loss                           | 7    | -                          | (888,345)             | -                         | (7,349,680)            |
| Impairment loss on write off exploration and evaluation assets           | 8    | -                          | (7,113,983)           | -                         | (7,113,983)            |
| <b>LOSS FROM CONTINUING OPERATIONS</b>                                   |      | <b>\$ (11,279)</b>         | <b>\$ (7,312,026)</b> | <b>\$ (38,076)</b>        | <b>\$ (14,521,277)</b> |
| <b>Other comprehensive income</b>                                        |      |                            |                       |                           |                        |
| Item that will be reclassified subsequently to loss:                     |      |                            |                       |                           |                        |
| Unrealized gain on foreign exchange translation                          |      | 61,901                     | 37,186                | 96,024                    | 159,238                |
| <b>NET AND COMPEHENSIVE INCOME / (LOSS)</b>                              |      | <b>\$ 50,622</b>           | <b>\$ (7,274,840)</b> | <b>\$ 57,948</b>          | <b>\$ (14,362,039)</b> |
| <b>LOSS PER SHARE (basic and diluted)</b>                                |      |                            |                       |                           |                        |
|                                                                          |      | <b>\$ (0.00)</b>           | <b>\$ (0.06)</b>      | <b>\$ (0.00)</b>          | <b>\$ (0.12)</b>       |
| <b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (basic and diluted)</b> |      |                            |                       |                           |                        |
|                                                                          |      | <b>119,251,810</b>         | <b>119,251,810</b>    | <b>119,251,810</b>        | <b>119,006,389</b>     |

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

**TARACHI GOLD CORP.****Condensed Interim Consolidated Statements of Cash Flows**

Unaudited - (Expressed in Canadian Dollars)

|                                                     | <b>For the nine months ended</b> |                       |
|-----------------------------------------------------|----------------------------------|-----------------------|
|                                                     | <b>April 30, 2024</b>            | <b>April 30, 2023</b> |
| <b>OPERATING ACTIVITIES</b>                         |                                  |                       |
| Net income for the period                           | \$ (38,076)                      | \$ (14,521,277)       |
| Item not affecting cash:                            |                                  |                       |
| Disposal group held for sale - impairment loss      | -                                | 7,349,680             |
| Exploration and evaluation assets – impairment loss | -                                | 7,113,983             |
| Changes in non-cash working capital items:          |                                  |                       |
| Change in tax and other receivable                  | (80,332)                         | (47,945)              |
| Changes in consideration receivable                 | 993,092                          | -                     |
| Change in prepaid expenses                          | (9,752)                          | 1,017,337             |
| Change in accounts payable and accrued liabilities  | (50,099)                         | 241,551               |
|                                                     | \$ 814,833                       | \$ 1,153,329          |
| <b>INVESTING ACTIVITIES</b>                         |                                  |                       |
| Exploration and evaluation assets - expenditures    | -                                | (858,027)             |
| Short-term investment                               | (990,220)                        | -                     |
|                                                     | \$ (990,220)                     | \$ (858,027)          |
| <b>NET CHANGE IN CASH</b>                           | <b>(175,387)</b>                 | <b>295,302</b>        |
| Effects of exchange rate fluctuation on cash        | 96,024                           | (532,705)             |
| <b>CASH, BEGINNING OF THE YEAR</b>                  | <b>194,303</b>                   | <b>512,783</b>        |
| Cash classified as assets held for sale             | -                                | (23,766)              |
| <b>CASH, END OF THE YEAR</b>                        | <b>\$ 114,940</b>                | <b>\$ 251,614</b>     |
| <b>Supplemental cash information</b>                |                                  |                       |
| Shares issued for E&E acquisition                   | -                                | \$ 70,000             |

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

**TARACHI GOLD CORP.**

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Unaudited - (Expressed in Canadian Dollars)

|                                                   | Number of<br>shares | Share<br>capital  | Contributed<br>Surplus | Accumulated Other<br>Comprehensive Income | Accumulated<br>Deficit | Total             |
|---------------------------------------------------|---------------------|-------------------|------------------------|-------------------------------------------|------------------------|-------------------|
|                                                   | #                   | \$                | \$                     | \$                                        | \$                     | \$                |
| <b>Balance, July 31, 2022</b>                     | <b>118,251,810</b>  | <b>24,166,857</b> | <b>3,346,883</b>       | <b>5,863</b>                              | <b>(6,729,981)</b>     | <b>20,789,622</b> |
| Shares issued - exploration and evaluation assets | 1,000,000           | 70,000            | -                      | -                                         | -                      | 70,000            |
| Net loss and comprehensive loss for the period    | -                   | -                 | -                      | 159,238                                   | (14,521,277)           | (14,362,039)      |
| <b>Balance, April 30, 2023</b>                    | <b>119,251,810</b>  | <b>24,236,857</b> | <b>3,346,883</b>       | <b>165,101</b>                            | <b>(21,251,258)</b>    | <b>6,497,583</b>  |
| <b>Balance, July 31, 2023</b>                     | <b>119,251,810</b>  | <b>24,236,857</b> | <b>3,346,883</b>       | <b>326,401</b>                            | <b>(24,506,077)</b>    | <b>3,404,064</b>  |
| Net loss and comprehensive loss for the period    | -                   | -                 | -                      | 96,024                                    | (38,076)               | 57,948            |
| <b>Balance, April 30, 2024</b>                    | <b>119,251,810</b>  | <b>24,236,857</b> | <b>3,346,883</b>       | <b>422,425</b>                            | <b>(24,544,153)</b>    | <b>3,462,012</b>  |

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

## **TARACHI GOLD CORP.**

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023  
(Expressed in Canadian Dollars)

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### **1. Nature of Operations and Going Concern**

Tarachi Gold Corp. (the "Company") was incorporated under the Business Corporations Act in British Columbia on February 19, 2016. On April 6, 2020, the Company changed its name from Kal Minerals Corp. to Tarachi Gold Corp. The Company has interests in exploration and evaluation assets, tailings, and production facilities in Mexico, and its principal business includes the exploration and development of those assets to move toward commercial production. The shares of the Company are trading on the Canadian Securities Exchange (the "CSE") under the symbol "TRG", on the OTCQB under the symbol "TRGGF", and on the Frankfurt Stock Exchange under the symbol "4RZ".

The head office, principal address, registered address, and records office of the Company are at Suite 1723, 595 Burrard Street, Vancouver, BC V7X 1J1.

The Company is in the exploration stage with respect to its exploration and evaluation assets and has not yet determined whether those assets contain ore reserves that are economically recoverable. The carrying amount of these assets represents the total of capitalized net costs and is not intended to reflect their present or future value. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's legal interest in the assets, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition of the assets. The Company has returned its exploration assets under option to the vendors during the year ended July 31, 2023, and recognized an impairment of \$6,714,328. The Company sold the Magistral project during the year ended July 31, 2023, and recognized a net loss on the sale of assets of \$8,959,776 and a loss on control of the subsidiary of \$1,139,964. The Company is actively looking for suitable exploration projects.

These condensed interim consolidated financial statements are prepared assuming the Company will continue as a going concern, realize its assets, and discharge its liabilities and commitments in the normal course of business. In making its going concern assessment, management is aware of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. As of April 30, 2024, the Company has not yet achieved profitable operations and had an accumulated deficit of \$24,544,153 (July 31, 2023 - \$24,506,077). The Company's continuing operations, as intended, and its financial success may depend on how much it can successfully develop its business.

These Condensed Interim Consolidated financial statements do not reflect any adjustments, which could be material, to the carrying amounts of assets and liabilities, reported expenses, and classification used, which would be necessary if the Company could not continue as a going concern.

### **2. Material Accounting Policies Disclosure Information and Basis of Presentation**

#### **a) Statement of compliance**

The Condensed Interim Consolidated financial statements have been prepared by International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim consolidated financial statements, including International Accounting Standards ("IAS") 34 "Interim Financial Reporting", and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These Condensed Interim Consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting other than the consolidated statements of cash flows. The Condensed Interim Consolidated financial statements were approved by the Company's Board of Directors on June 28, 2024.

**TARACHI GOLD CORP.**

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023  
(Expressed in Canadian Dollars)

**2. Material Accounting Policies Disclosure Information and Basis of Presentation (continued)****b) Basis of consolidation**

These Condensed Interim Consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company. The principal subsidiaries of the Company, which are accounted for under the consolidation method, are as follows:

| Entity                    | Principal activities                             | Country of incorporation and operation | Ownership interest as of April 30, 2024 | Ownership interest as of July 31, 2023 |
|---------------------------|--------------------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|
| Tarachi Gold S.A. DE C.V. | Exploration and evaluation of mineral properties | Mexico                                 | 100%                                    | 100%                                   |

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

**c) Accounting standards issued but not yet adopted**

The new standards or amendments issued but not yet effective are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

**d) New accounting pronouncements****Adoption of New Accounting Standards**

The new standards, or amendments to standards and interpretations that were adopted by the Company, effective August 1, 2023, are as follows:

**Disclosure of Accounting Policies (Amendments to IAS 1)**

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating; or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on, the basis of, those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

This amendment is effective for annual periods beginning on or after August 1, 2023. The adoption of this amendment did not have a material impact on the Company's condensed consolidated interim financial statements.

**Definition of Accounting Estimates (Amendments to IAS 8)**

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction.

This amendment is effective for annual periods beginning on or after August 1, 2023. The adoption of this amendment did not have a material impact on the Company's condensed consolidated interim financial statements.



**TARACHI GOLD CORP.**

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023  
(Expressed in Canadian Dollars)

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**2. Material Accounting Policies Disclosure Information and Basis of Presentation (continued)****e) Significant Accounting Judgments and Estimates**

Preparing the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements for the nine months ended April 30, 2024, are consistent with those applied and disclosed in Note 3 of the annual consolidated financial statements. The Company's interim results are not necessarily indicative of its results for a full year.

**3. Cash and Cash Equivalents and Short-term Investments**

Cash and cash equivalents include \$114,940 (July 31, 2023 - \$194,303) in the operating bank accounts.

Short-term investments include \$3,230,310 (US\$2,350,000) (July 31, 2023 - \$2,240,090) of three investments with a maturity of one year earning interest from 4.70% to 4.90%.

**4. Tax and Other Receivables**

|                             | <b>April 30, 2024</b> | <b>July 31, 2023</b> |
|-----------------------------|-----------------------|----------------------|
|                             | \$                    | \$                   |
| GST receivable              | 1,679                 | 9,954                |
| Interest accrual receivable | 98,917                | 10,310               |
| <b>Total</b>                | <b>100,596</b>        | <b>20,264</b>        |

\$Nil (2023 - \$1,122,311 of IVA receivable) has been transferred to Atocha as part of the Disposal of the Magistral project (Note 5).

\$Nil (2023 - \$506,506 of IVA receivable) has been written off as impairment loss as the amount cannot be recovered due to the return of the exploration assets (Note 6).

## TARACHI GOLD CORP.

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023  
(Expressed in Canadian Dollars)

### 5. Disposal of the Magistral Project and Discontinued Operations

On January 26, 2023, the Company signed a binding letter of agreement (the "Letter Agreement") with Compañía Minera de Atocha S.A. de C.V. ("Atocha"), a private Mexican Mining company with producing mines in the states of Durango and Zacatecas, for the sale of the Company's Magistral Project in Durango, Mexico. Upon closing the transaction proposed in the Letter Agreement (the "Transaction"), the Company will transfer 100% ownership of TGMEX Silver S.A. de C.V. ("TGMEX"), which owns all the Company's assets related to the Magistral Project, to Atocha. In exchange, Atocha will make cash payments of approximately \$7.5 million (US\$5,700,000). The transaction closed on May 3, 2023.

|                                      |                  |
|--------------------------------------|------------------|
|                                      | \$               |
| Cash                                 | 4,124,065        |
| Less: Manto's payable                | (621,565)        |
| Consideration receivable net         | 993,092          |
| <hr/>                                |                  |
| Fair value of consideration received | <b>4,495,592</b> |

At closing, Atocha acquired all the issued and outstanding shares of TGMEX in exchange for a cash payment of \$4,124,065 (US\$3,050,000).

The Company will seek to settle all outstanding obligations owing to Manto Resources S.A. de C.V. ("Manto") in relation to the Company's original acquisition of the Magistral Project from Manto in 2021. In exchange for the elimination of Manto's 15% net profit interest royalty on the Magistral Tailings, US\$2,000,000 in production bonus payments, and any other obligations owed to Manto or rights for Manto to participate in the Magistral Project, the Company will pay Manto 15% of all payments received from Atocha as those payments are received. The total payable to Manto is approximately \$1.125 million (US\$855,000) and of which \$621,565 (US\$457,500) has been paid to Manto at closing.

#### Contingent receivable

The following consideration is contingent upon the occurrence of the following future events:

1. US\$500,000 in the escrow account will be released to Tarachi when Atocha concludes negotiations with the Ejido Magistral, or after 12 months, whichever occurs first. The amount is fair valued at \$693,481 less \$104,022 of Manto's obligation net to contingent receivable. On January 15, 2024, the Company received \$671,800 (US\$518,785) less \$101,085 (US\$75,000) paid out to Manto, the difference of \$18,744 has been recognized as a loss on consideration receivable.
2. US\$500,000 will be paid to Tarachi by November 19, 2023, less US\$102,617 contingency costs that arise after closing but not identified during due diligence. The amount is fair valued at \$551,204 less \$82,681 of Manto's obligation net to contingent receivable. On November 21, 2023, the Company received \$544,335 (US\$397,383) less \$79,820 (US\$59,607) paid out to Manto, the difference of \$4,008 has been recognized as a loss on consideration receivable.
3. US\$500,000 when 50% of the tailings located on the Magistral Project (the "Magistral Tailings") have been mined, sold, and/or processed or after the first complete calendar year of operation at the Magistral Project, whichever occurs first. Since the Company does not have control of Atocha's operations, this payment is not fair valued and excluded from the contingent receivable.
4. US\$500,000 when 100% of the Magistral Tailings have been mined, sold and/or processed or after the second complete calendar year of operation at the Magistral Project, whichever occurs first. Since the Company does not have control of Atocha's operations, this payment is not fair valued and excluded from the contingent receivable.
5. the amount of value-added tax ("IVA") currently owing to TGMEX as that tax benefit is realized by Atocha during operations and product sales from the Magistral Project or other Atocha-controlled assets if Atocha merges TGMEX with Atocha or another entity they control, estimated to total approximately US\$650,000. The Company anticipates the IVA tax benefit will be realized by Atocha and paid to the Company within the first year of commercial operations at the Magistral Project. Since the Company does not have control of Atocha's operations, this payment is not fair valued and excluded from the contingent receivable.

**TARACHI GOLD CORP.**

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023

(Expressed in Canadian Dollars)

**5. Disposal of the Magistral Project and Discontinued Operations (continued)**

The consideration receivable has been fair valued using the Bank of Canada Prime Rate at 7.20% discount rate.

| Valuation technique                                                                                                                                                                                | Significant unobservable inputs |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Discounted cash flows consider the present value of the net cash flows expected to be generated from the payments. The expected net cash flows are discounted using a risk-adjusted discount rate. | Prime rate 7.20%                |

During the year ended July 31, 2023, the Company recorded a \$10,099,740 loss on the deconsolidation of TGMEX. The assets, liabilities, and loss on TGMEX after deconsolidation are presented below:

| Assets                               | \$                |
|--------------------------------------|-------------------|
| Cash                                 | 17,653            |
| IVA receivable                       | 1,122,311         |
| Exploration and evaluation assets    | 19,548,285        |
| <b>Total Assets</b>                  | <b>20,688,249</b> |
| <b>Liabilities</b>                   |                   |
| Contingent consideration             | 6,092,917         |
| Intercompany payables                | 16,473,604        |
| <b>Total Liabilities</b>             | <b>22,566,521</b> |
| Net liabilities                      | (1,878,272)       |
| Intercompany payables forgiven       | 16,473,604        |
| Fair value of consideration received | (4,495,592)       |
| <b>Loss on deconsolidation</b>       | <b>10,099,740</b> |
| Attributable to:                     |                   |
| Loss on sale of assets               | 8,959,776         |
| Loss on control of subsidiary        | 1,139,964         |
|                                      | <b>10,099,740</b> |

The following table summarizes the assets and liabilities in the disposal group:

|                                                | July 31, 2023 | July 31, 2022     |
|------------------------------------------------|---------------|-------------------|
|                                                | \$            | \$                |
| <b>Assets</b>                                  |               |                   |
| Cash                                           | -             | 65,368            |
| Accounts receivable                            | -             | 816,153           |
| Exploration and evaluation assets              | -             | 18,566,275        |
| <b>Total assets of the disposal group</b>      | <b>-</b>      | <b>19,447,796</b> |
| <b>Current Liabilities</b>                     |               |                   |
| Accounts payable                               | -             | 169,877           |
| Contingent consideration                       | -             | 6,901,055         |
| Intercompany loans                             | -             | 12,711,217        |
| <b>Total liabilities of the disposal group</b> | <b>-</b>      | <b>19,782,149</b> |

**TARACHI GOLD CORP.**

Notes to Condensed Interim Consolidated Financial Statements for the nine-month periods ended April 30, 2024, and 2023

(Expressed in Canadian Dollars)

**5. Disposal of the Magistral Project and Discontinued Operations (continued)**

The net loss from discontinued operations for the nine months and three months ended April 30, 2024, and 2023 are presented below:

|                                              | For the three months ended |                    | For the nine months ended |                  |
|----------------------------------------------|----------------------------|--------------------|---------------------------|------------------|
|                                              | April 30, 2024             | April 30, 2023     | April 30, 2024            | April 30, 2023   |
|                                              | \$                         | \$                 | \$                        | \$               |
| <b>Expenses</b>                              |                            |                    |                           |                  |
| Foreign exchange loss                        | -                          | (749,842)          | -                         | (749,842)        |
| Impairment loss                              | -                          | (985,279)          | -                         | -                |
| <b>Net loss from discontinued operations</b> | <b>-</b>                   | <b>(1,735,121)</b> | <b>-</b>                  | <b>(749,842)</b> |

The Condensed Interim Consolidated statement of cash flows for the nine months ended April 30, 2024, was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of TGMEX for the nine months and three months ended April 30, 2024, and 2023 are presented in the following table:

|                                                            | For the three months ended |                | For the nine months ended |                 |
|------------------------------------------------------------|----------------------------|----------------|---------------------------|-----------------|
|                                                            | April 30, 2024             | April 30, 2023 | April 30, 2024            | April 30, 2023  |
|                                                            | \$                         | \$             | \$                        | \$              |
| Cash flows (used in) / generated from operating activities | -                          | (280,958)      | -                         | 177,960         |
| Cash flows (used in) / generated from investing activities | -                          | 291,046        | -                         | (228,428)       |
| <b>(Decrease)/Increase in cash</b>                         | <b>-</b>                   | <b>10,088</b>  | <b>-</b>                  | <b>(50,468)</b> |

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**6. Exploration and Evaluation Assets**

|                                                     | <b>Tarachi and<br/>Juliana Property<br/>\$</b> | <b>Magistral<br/>Project<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------|
| <b>ACQUISITION COSTS</b>                            |                                                |                                     |                     |
| <b>Balance, July 31, 2022</b>                       | <b>3,461,038</b>                               | <b>15,575,576</b>                   | <b>19,036,614</b>   |
| Issuance of shares                                  | 70,000                                         | -                                   | 70,000              |
| <b>Balance, July 31, 2023</b>                       | <b>3,531,038</b>                               | <b>15,575,576</b>                   | <b>19,106,614</b>   |
| <b>DEFERRED EXPLORATION COSTS</b>                   |                                                |                                     |                     |
| <b>Balance, July 31, 2022</b>                       | <b>2,456,823</b>                               | <b>2,990,699</b>                    | <b>5,447,522</b>    |
| Camp and support                                    | 33,858                                         | 149,408                             | 183,266             |
| Ejido payments                                      | -                                              | 66,596                              | 66,596              |
| Engineering services                                | -                                              | 223,787                             | 223,787             |
| Field costs                                         | 6,208                                          | -                                   | 6,208               |
| Geological services                                 | 69,642                                         | 22,368                              | 92,010              |
| IVA write off                                       | 506,506                                        | -                                   | 506,506             |
| Legal and agreements                                | 59,287                                         | 101,067                             | 160,354             |
| Materials and supplies                              | -                                              | 3,546                               | 3,546               |
| Tailings purchase                                   | -                                              | 402,294                             | 402,294             |
| Mining concession                                   | 43,290                                         | -                                   | 43,290              |
| Travel                                              | 7,677                                          | 12,944                              | 20,621              |
| <b>Balance, July 31, 2023</b>                       | <b>3,183,291</b>                               | <b>3,972,709</b>                    | <b>7,156,000</b>    |
| <b>TOTAL EXPLORATION AND EVALUATION ASSETS</b>      |                                                |                                     |                     |
| <b>Balance, July 31, 2022</b>                       | <b>5,917,861</b>                               | <b>18,566,275</b>                   | <b>24,484,136</b>   |
| <b>Balance, July 31, 2023</b>                       | <b>6,714,329</b>                               | <b>19,548,285</b>                   | <b>26,262,614</b>   |
| Contingent consideration reversal                   | -                                              | (6,092,917)                         | (6,092,917)         |
| Loss on sale of assets                              | -                                              | (8,959,776)                         | (8,959,776)         |
| Fair value of consideration received                | -                                              | (4,495,592)                         | (4,495,592)         |
| Exploration and evaluation assets – impairment loss | (6,714,328)                                    | -                                   | (6,714,328)         |
| <b>Balance, July 31, 2023, and April 30, 2024</b>   | <b>1</b>                                       | <b>-</b>                            | <b>1</b>            |

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**6. Exploration and Evaluation Assets (continued)****a) Tarachi and Juliana Property****i) Juliana and Las Moritas Property**

On September 3, 2020, the Company announced it entered into an option agreement to acquire 100% of Juliana and Las Moritas concessions in Sonora, Mexico. The Company has the right to acquire the concessions by making aggregate cash payments of \$2,000,000 USD to the optionor over the following 60 months, as well as through the issuance of 4,000,000 total common shares on December 5, 2021. The Company re-negotiated and revised the payment schedule as outlined below:

| <b>Cash payments<br/>(USD \$)</b> | <b>Common<br/>shares</b> | <b>Date</b>                                                      |
|-----------------------------------|--------------------------|------------------------------------------------------------------|
| 40,000                            | 500,000                  | Execution date (paid and issued)                                 |
| 30,000                            | Nil                      | Six-month anniversary of the execution date (paid)               |
| 30,000                            | 1,000,000                | Twelve-month anniversary of the execution date (paid and issued) |
| 30,000                            | Nil                      | Eighteen-month anniversary of the execution date (paid)          |
| Nil                               | 1,000,000                | Twenty-four month anniversary of the execution date (issued)     |
| 60,000                            | 1,500,000                | Thirty-nine month anniversary of the execution date              |
| 150,000                           | Nil                      | Forty-two month anniversary of the execution date                |
| 50,000                            | Nil                      | Forty-eight month anniversary of the execution date              |
| 150,000                           | Nil                      | Fifty-four month anniversary of the execution date               |
| 700,000                           | Nil                      | Sixty-month anniversary of the execution date                    |
| 760,000                           | Nil                      | Sixty-nine month anniversary of the execution date               |
| <b>2,000,000</b>                  | <b>4,000,000</b>         |                                                                  |

**ii) Tarachi Project**

On March 27, 2020, the Company entered into a letter of agreement with the option to earn 100% interest in the Tarachi Project. The Company can earn 100% interest in the Property by making the following payments:

- Making total cash payments of US\$5,000,000; and
- Issuing a total of 10,000,000 common shares.

On April 21, 2022, the Company re-negotiated with Minerales de Tarachi to amend the original option agreement and reduce future cash option payments. The amended payment schedule is outlined below:

| <b>Cash payments<br/>(USD \$)</b> | <b>Common<br/>shares</b> | <b>Date</b>                                              |
|-----------------------------------|--------------------------|----------------------------------------------------------|
| 25,000                            | 2,500,000                | Upon signing the Agreement (issued and paid)             |
| 75,000                            | Nil                      | 5 days after closing the Company's next financing (paid) |
| 100,000                           | 2,500,000                | First anniversary (issued and paid)                      |
| Nil                               | 2,500,000                | Second anniversary (issued)                              |
| Nil                               | 2,500,000                | Third anniversary                                        |
| 3,500,000                         | Nil                      | Fourth anniversary                                       |
| <b>3,700,000</b>                  | <b>10,000,000</b>        |                                                          |

On June 28, 2023, the Company terminated the above option agreement on both properties. The exploration and evaluation assets have been written down to \$Nil and an impairment loss of \$6,714,328 have been recognized in other expenses in the year ended July 31, 2023.

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### 6. Exploration and Evaluation Assets (continued)

#### b) Magistral del Oro Mill and Tailings Project

On February 8, 2021, the Company signed a purchase agreement (the "APA Agreement") with Manto Resources S.A. de C.V. ("Manto") to acquire Magistral del Oro mill and tailings project ("Magistral") located in the State of Durango, Mexico. The acquisition was closed on March 17, 2021 (the "Closing Date").

Pursuant to the APA Agreement, 100% interest in Magistral project was acquired and the consideration is composed of the following:

- 4,000,000 common shares issued respectively upon execution and 60 days after the Closing Date of the APA Agreement; (issued at a fair value of \$2,560,000)
- US\$1,179,500 upon execution of the APA Agreement; (paid)
- Certain obligations have been assumed by the Company
  - US\$1,245,230 (C\$1,552,179) has been paid and 2,594,728 common shares with fair value of \$670,868 have been issued during the year ended July 31, 2021;
  - US\$314,940 (C\$392,478) has been paid in cash, and US\$333,333 (C\$415,500) of the Company's common shares, that is 2,038,528 shares, has been issued at a 15% discount to the 10-day volume weighted average trading price on November 10, 2021;
- 1,000,000 common shares with a fair value of \$270,000 were issued to a third party as finder's fee during the year ended July 31, 2021.
- 4,000,000 common shares to be issued respectively on 180 days and 365 days after the Closing Date (issued on January 28, 2022, and March 17, 2022). All these shares also have security-specific trading restrictions for 4 months from the share issuance date.

The fair value of the 8,000,000 common shares was determined at \$1,743,207 based upon the quoted market price of the Company's common shares at \$0.30 per share on the Closing Date with a discount applied for lack of marketability determined using the Finnerty Average-Strike Put option model. The significant inputs used in the fair value measurement for the year ended July 31, 2021, are as follows: term of 10 to 16 months, annualized volatility of 135.04% to 163.97%, and annualized dividend yield of 0%.

- Contingent considerations to be paid upon achieving certain milestones:
  - 15% net profits royalty on the earnings before interest and taxes ("EBIT");
  - US\$500,000 respectively on 180 days and 365 days after commercial production which was defined as the EBIT exceeding \$100,000 in a calendar month; and
  - US\$1,000,000 upon revenue equaling or exceeding US\$15,000,000.

On January 19, 2022, the Company completed the Preliminary Economic Assessment ("PEA") to assess whether the Company can bring the project into commercial production. For the years ended April 30, 2024, and 2022, a probability-weighted expected value calculation was utilized to value the contingent consideration. The calculation was based on management's best estimate on the assumptions used in the EBIT projection. The probability weightings assigned were based on the likelihood of the occurrence of different scenarios. The Company has revalued the estimated royalty and recalculated the contingent consideration based on the available results from the PEA.

The pre-tax discount rate applied to the EBIT projection is 13%, which represents the current market assessment of the risk specific to the Company, taking into consideration the time value.

The gold price applied to the EBIT projection is in a range from US\$1,686 to US\$1,750 per ounce, which is estimated based on the industry trend.

As at April 30, 2024, the Magistral project has been sold to Atocha (Note 5). The exploration and evaluation asset has been written down to \$Nil and loss on sale of assets of \$8,959,776 has been recognized in other expenses. The contingent consideration liability of \$6,092,917 has been reversed and written off against the exploration and evaluation asset.

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**7. Share Capital****a) Authorized share capital:**

Unlimited common shares without par value.

*Issued and outstanding:*

On April 30, 2024, the Company had 119,251,810 (July 31, 2023 – 119,251,810) common shares outstanding, of which no common shares are held in escrow (July 31, 2023 – Nil).

There is no share issued in the nine months ended April 30, 2024.

*Shares issued during the year ended July 31, 2023*

On October 7, 2022, 1,000,000 shares were issued pursuant to the option agreement to acquire the Juliana and Las Moritas property (Note 6(a)).

**b) Options:**

A continuity schedule of the Company's outstanding stock options for the year ended April 30, 2024, is as follows:

|                                                       | April 30, 2024        |                                                | July 31, 2023         |                                                |
|-------------------------------------------------------|-----------------------|------------------------------------------------|-----------------------|------------------------------------------------|
|                                                       | Number<br>outstanding | Weighted<br>average<br>exercise<br>price<br>\$ | Number<br>outstanding | Weighted<br>average<br>exercise<br>price<br>\$ |
| <b>Outstanding, beginning of the period</b>           | 7,830,000             | 0.35                                           | 7,830,000             | 0.35                                           |
| <b>Outstanding and exercisable, end of the period</b> | 7,830,000             | 0.35                                           | 7,830,000             | 0.35                                           |

During the nine months ended April 30, 2024, no options were exercised or granted.

As at April 30, 2024, the Company had outstanding, and exercisable stock options as follows:

| Expiry date | Options<br>outstanding | Exercise<br>price<br>\$ | Weighted average remaining<br>contractual life<br>(in years) |
|-------------|------------------------|-------------------------|--------------------------------------------------------------|
| 18-Jun-25   | 1,750,000              | 0.31                    | 1.38                                                         |
| 20-Jul-25   | 300,000                | 0.66                    | 1.47                                                         |
| 26-Aug-24   | 1,000,000              | 0.69                    | 0.57                                                         |
| 21-Jan-26   | 1,368,000              | 0.28                    | 1.98                                                         |
| 08-Feb-26   | 380,000                | 0.29                    | 2.02                                                         |
| 17-Mar-26   | 167,000                | 0.30                    | 2.13                                                         |
| 27-Apr-26   | 1,165,000              | 0.27                    | 2.24                                                         |
| 25-Jan-27   | 1,500,000              | 0.16                    | 2.99                                                         |
| 23-Mar-27   | 200,000                | 0.17                    | 3.14                                                         |
|             | 7,830,000              |                         | 1.91                                                         |



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**7. Share Capital (continued)****c) Warrants**

A continuity schedule of the Company's outstanding and exercisable common share purchase warrants for the year ended April 30, 2024, is as follows:

|                                      | April 30, 2024        |                                       | July 31, 2023         |                                       |
|--------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|                                      | Number<br>outstanding | Weighted<br>average<br>exercise price | Number<br>outstanding | Weighted<br>average<br>exercise price |
|                                      |                       | \$                                    |                       | \$                                    |
| Outstanding, beginning of the period | 12,067,925            | 0.30                                  | 24,742,838            | 0.51                                  |
| Expired                              | (12,067,925)          | (0.30)                                | (12,552,814)          | 0.70                                  |
| Outstanding, end of the period       | -                     | -                                     | 12,067,925            | 0.30                                  |

As at April 30, 2024, the Company had no outstanding warrants exercisable to acquire common shares.

**8. Related Party Balances and Transactions**

The Company's key management personnel consist of directors and executives and companies owned, directly or indirectly, by key management personnel of the Company.

Amounts due to related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

As at April 30, 2024, the Company has \$nil amounts due to related party (July 31, 2023 - \$nil).

During the nine months ended April 30, 2024, the Company has granted Nil (2023 - nil) stock options in total to officers and directors of the Company.

In the nine months ended April 30, 2023, the Company paid \$90,000 to a company with common directors and officers for rent expenses and administration expenses. With the officer's departure, the rent and administration payment to their company no longer qualifies as a related party transaction and thus is not included in the related party balances.

During the nine-month periods ended April 30, 2024, and 2022, the Company had the following related party transactions:

|                                  | For the three months ended |                | For the nine months ended |                |
|----------------------------------|----------------------------|----------------|---------------------------|----------------|
|                                  | April 30, 2024             | April 30, 2023 | April 30, 2024            | April 30, 2023 |
|                                  | \$                         | \$             | \$                        | \$             |
| Consulting fee                   | 10,200                     | 31,500         | 30,600                    | 94,500         |
| Management fee                   | 11,250                     | 36,250         | 33,750                    | 108,750        |
| Rent and administration services | -                          | 45,000         | -                         | 135,000        |
| <b>Total</b>                     | <b>21,450</b>              | <b>112,750</b> | <b>64,350</b>             | <b>338,250</b> |

These related party transactions were incurred in the normal course of operations and are measured at the exchange amount, being the amount established and agreed upon by the related parties.

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**9. Management of Capital**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash. To preserve cash, the Company does not pay any dividends.

The Company is not subject to any externally imposed capital requirements. The Company did not change its capital management approach during the year ended April 30, 2024. The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing, and/or other financing arrangements.

**10. Financial Instruments****a) Categories of Financial Instruments and Fair Value Measurements**

The Company's financial assets and liabilities are as follows:

|                                               | April 30, 2024 | July 31, 2023 |
|-----------------------------------------------|----------------|---------------|
|                                               | \$             | \$            |
| <b>Financial assets:</b>                      |                |               |
| <b><i>FVTPL</i></b>                           |                |               |
| Cash                                          | 114,940        | 194,303       |
| <b><i>Amortized cost</i></b>                  |                |               |
| Other receivables (excluding tax receivables) | 98,917         | 10,310        |
| Consideration receivable                      | -              | 993,092       |
|                                               | 213,857        | 1,197,705     |
| <b>Financial liabilities:</b>                 |                |               |
| <b><i>Other financial liabilities</i></b>     |                |               |
| Accounts payable and accrued liabilities      | 7,729          | 57,828        |
|                                               | 7,729          | 57,827        |

**b) Fair Value Information**

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels as defined below:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and shares to be issued are carried at fair value using a level 1 fair value measurement. The fair value of the Company's other receivables (excluding tax receivables) and accounts payable and accrued liabilities approximate the carrying amount due to the short-term nature of these instruments. The fair value of contingent receivable is classified as a level 3 fair value measurement.

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### 10. Financial instruments (continued)

#### c) Management of Financial Risks

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

##### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Company's cash is primarily held with high-credit quality financial institutions in Canada. Management believes credit risk is low given the good credit ratings of the banks.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

As at April 30, 2024, the Company had cash of \$114,940 (July 31, 2023 - \$194,303) and GIC of \$3,230,310 (July 31, 2023 - \$2,240,090), and accounts payable and accrued liabilities of \$7,729 (July 31, 2023 - \$57,828) with contractual maturities of less than one year. Management assessed the liquidity risk as low.

##### *Market risk*

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of foreign currency risk, commodity price risk, and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits while maximizing returns.

##### - *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity.

##### - *Foreign currency risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar, United States dollar, and Mexican Peso will affect the Company's operations and financial results. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. The foreign currency risk is assessed to be high as the Company held its short-term investments in a GIC denominated in United States dollar as at April 30, 2024. A 1% change in the foreign exchange rate of CAD to USD would increase/decrease the net and comprehensive loss for the nine months ended April 30, 2024, by approximately \$32,000 (nine months ended April 30, 2023: \$300).

##### - *Price risk*

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.