

**ALCON SILVER CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

**ALCON SILVER CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 311,211	\$ 186,552
Amounts receivable	7,031	20,988
	318,242	207,540
Exploration and evaluation assets (Note 3)	2,720,372	2,282,920
	\$ 3,038,614	\$ 2,490,460
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 296,928	\$ 224,088
Advance from shareholder (Note 4)	20,000	20,000
	316,928	244,088
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	4,451,062	3,647,262
Deficit	(1,729,376)	(1,400,890)
	2,721,686	2,246,372
	\$ 3,038,614	\$ 2,490,460

Nature and continuance of operations (Note 1)

**APPROVED ON BEHALF OF THE DIRECTORS:**

"Bruce Winfield" Director  
Bruce Winfield

"Robert Tyson" Director  
Robert Tyson

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

**ALCON SILVER CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
<b>Expenses</b>				
Consulting	\$ 6,000	\$ 6,000	\$ 18,000	\$ 18,000
Filing fees	1,270	34,425	20,050	34,425
Foreign exchange loss (gain)	1,510	(1,376)	2,462	(5,304)
Interest and bank charges	769	684	2,571	2,383
Management fees (Note 6)	24,000	24,000	72,000	72,000
Office and miscellaneous	1,648	1,186	4,545	4,506
Other income	(60,000)	-	(60,299)	-
Professional fees (Note 6)	134,862	79,972	268,261	145,417
Travel	22	1,527	896	19,538
<b>Loss and comprehensive loss for the period</b>	<b>\$ (110,081)</b>	<b>\$ (146,418)</b>	<b>\$ (328,486)</b>	<b>\$ (290,965)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>33,626,577</b>	<b>29,502,577</b>	<b>31,991,935</b>	<b>29,152,101</b>

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

**ALCON SILVER CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Common Shares			
	Number of shares	Share Capital	Deficit	Total
<b>Balance, December 31, 2022</b>	<b>27,445,577</b>	<b>\$ 3,185,862</b>	<b>\$ (948,215)</b>	<b>\$ 2,237,647</b>
Private placement	1,057,000	211,400	-	211,400
Shares for exploration assets	1,000,000	250,000	-	250,000
Loss for the period	-	-	(290,965)	(290,965)
<b>Balance, September 30, 2023</b>	<b>29,502,577</b>	<b>\$ 3,647,262</b>	<b>\$ (1,239,180)</b>	<b>\$ 2,408,082</b>
<b>Balance, December 31, 2023</b>	<b>29,502,577</b>	<b>\$ 3,647,262</b>	<b>\$ (1,400,890)</b>	<b>\$ 2,246,372</b>
Private placement	4,124,000	824,800	-	824,800
Finder's fees	-	(21,000)	-	(21,000)
Loss for the period	-	-	(328,486)	(328,486)
<b>Balance, September 30, 2024</b>	<b>33,626,577</b>	<b>\$ 4,451,062</b>	<b>\$ (1,729,376)</b>	<b>\$ 2,721,686</b>

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

**ALCON SILVER CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2024	2023
<b>Cash flows from operating activities</b>		
Loss for the period	\$ (328,486)	\$ (290,965)
Changes in non-cash working capital items:		
Amounts receivable	13,957	(5,942)
Accounts payable and accrued liabilities	72,840	73,291
<b>Cash used in operating activities</b>	<b>(241,689)</b>	<b>(223,616)</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation assets	(437,452)	(390,588)
<b>Cash used in investing activities</b>	<b>(437,452)</b>	<b>(390,588)</b>
<b>Cash flows from financing activities</b>		
Proceeds from private placement, net of finder's fees	803,800	211,400
<b>Cash provided by financing activities</b>	<b>803,800</b>	<b>211,400</b>
<b>Change in cash</b>	<b>124,659</b>	<b>(402,804)</b>
<b>Cash, beginning of the period</b>	<b>186,552</b>	<b>652,069</b>
<b>Cash, end of the period</b>	<b>\$ 311,211</b>	<b>\$ 249,265</b>
<b>Non-cash financing and investing activities</b>		
Cash paid for tax/interest	\$ -	\$ -

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Alcon Silver Corp. (the “Company”) was incorporated as Alcon Exploration Corp. under the Business Corporations Act (British Columbia), on July 31, 2007.

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

The address of the Company’s corporate office and principal place of business is 2102-1616 Bayshore Drive, Vancouver, BC, V6G 3L1. The Company’s registered and records office is at #3200 650 West Georgia St. Vancouver, BC, V6B 4P7.

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, which contemplates that the Company will continue in operation for the next twelve months and that it will be able to realize its assets and meet its liabilities in the normal course of operations. Realization value may be substantially different from carrying value as shown, and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values, classification of assets and liabilities should the Company be unable to continue as a going concern. As of September 30, 2024, the Company had not yet achieved profitable operations, has a working capital of \$1,314 (December 31, 2023 – deficiency of \$36,548) and had an accumulated deficit of \$1,729,376 (December 31, 2023 – \$1,400,890). Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and cash equivalents and other financial assets to continue operating at current levels for the ensuing twelve months. The Company’s forecast indicates the existence of uncertainty that raises significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to raise additional equity, continue some of its existing partnerships, partner additional exploratory prospects, generate overhead recovery fees, and receipt of option payments.

**2. MATERIAL ACCOUNTING POLICIES**

**Statement of compliance**

These condensed interim consolidated interim financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements were approved by the Board of Directors on November 13, 2024.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company and its subsidiary.

**Principles of Consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary as at September 30, 2024. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are eliminated upon consolidation.

These 2024 and 2023 condensed interim consolidated financial statements include the accounts of the Company's 100% owned Peruvian subsidiary, Alcon Silver SAC.

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the condensed interim consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

**Use of estimates and judgments**

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.



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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Use of estimates and judgments (continued)**

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to the ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Share-based compensation

Share-based compensation is determined using the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award's vesting period. These estimates are subjective and could significantly affect the fair value.

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

Non-cash transactions

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the noncash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Exploration and evaluation assets**

Upon acquiring the legal right to explore a property, costs related to acquisition and exploration are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition and exploration costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**Decommissioning and restoration provision**

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 the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

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 expenditures. These changes are recorded directly to mining assets with a corresponding entry to 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 and loss for the year. As at September 30, 2024 and December 31, 2023, the Company has no decommissioning or restoration obligations.

**Impairment of long-lived Assets**

The Company evaluates the recoverability of its long-lived assets at each reporting period. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Financial Instruments**

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other comprehensive income ("OCI").

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL. The following summarizes the classification under IFRS 9 for each financial instrument:

The Company has classified its cash at FVTPL. The Company's amounts receivable, accounts payable and accrued liabilities, advance from shareholder are classified at amortized cost.

*Measurement*

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

*Impairment*

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Financial Instruments (continued)**

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves.

**Loss per share**

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**Income taxes (continued)**

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Adoption of New and Future Accounting Standards**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

The Company adopted the following accounting standards in 2024:

**Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2025.

**Amendments to IAS 21 - Lack of Exchangeability**

The amendments to IAS 21 clarifies that entities must estimate the spot exchange rate when it is determined that a currency lacks exchangeability and introduces targeted disclosure requirements.

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**3. EXPLORATION AND EVALUATION ASSETS**

Nine Month Period Ended September 30, 2024	Princesa and Pilunani Project, Peru	Caujul Project, Peru	Total
Opening Exploration and Evaluation	\$ 695,190	\$ 1,587,730	\$ 2,282,920
Acquisition cost additions – cash	49,828	363,299	413,127
Exploration costs additions – geological consulting	-	17,559	17,559
Exploration costs – miscellaneous and field costs	-	6,766	6,766
<b>Total</b>	<b>\$ 745,018</b>	<b>\$ 1,975,354</b>	<b>\$ 2,720,372</b>

Year Ended December 31, 2023	Princesa and Pilunani Project, Peru	Caujul Project, Peru	Total
Opening Exploration and Evaluation	\$ 650,893	\$ 988,857	\$ 1,639,750
Acquisition cost additions - cash	43,582	325,074	368,656
Acquisition cost additions - shares	-	250,000	250,000
Exploration cost additions	715	23,799	24,514
<b>Total</b>	<b>\$ 695,190</b>	<b>\$ 1,587,730</b>	<b>\$ 2,282,920</b>

**Princesa and Pilunani property, Peru**

On August 31, 2016 (amended on November 10, 2018), the Company entered into an option agreement to acquire a 100% interest in the Princesa property in Peru. To earn the interest the Company must:

- (i) pay \$50,000 (paid);
- (ii) pay \$50,000 on or before August 31, 2017 (paid);
- (iii) pay \$50,000 on or before November 19, 2018 (paid);
- (iv) pay \$11,611 on or before November 23, 2018 (paid);
- (v) pay US\$10,000 (paid);
- (vi) issue 800,000 common shares of the Company on or before November 19, 2018 (issued at a value of \$80,000); and
- (vii) issue 2,000,000 common shares of the capital of the Company upon closing of a Going Public Transaction.

The Company also staked additional claims in the Princesa-Pilunani belt in the Puno District of Peru.

The property is subject to a 1.5% Net Smelter Royalty (“NSR”) on certain concessions, of which 1% can be repurchased for US\$1,000,000.

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**3. EXPLORATION AND EVALUATION ASSETS (continued)**

**Caujul property, Peru**

During the year ended December 31, 2022, the Company entered into an option agreement to acquire a 100% interest in the Caujul property in Peru. To earn the interest the Company must:

- (i) pay US\$200,000 and issue 1,000,000 shares with a value of \$250,000 (US\$230,000) (paid and issued);
- (ii) pay US\$200,000 and issue 500,000 shares or an additional US\$115,000 on or before the first anniversary date (amended);
- (iii) pay US\$200,000 and issue 500,000 shares or an additional US\$115,000 on or before the second anniversary date (amended);
- (iv) pay US\$550,000 and issue US\$250,000 worth of cash or shares on or before the third anniversary date;

During the year ended December 31, 2023, the terms of the option agreement were amended (and subsequently amended further) as follows:

- (i) pay US\$200,000 and issue 1,000,000 shares with a value of \$250,000 (US\$230,000) (paid and issued);
- (ii) issue 1,000,000 shares (issued) on or before April 5, 2023;
- (iii) pay US\$1,000 subsequent to year end;
- (iv) pay US\$400,000 and issue 500,000 shares or an additional US\$115,000 on or before March 11, 2026;
- (v) pay US\$550,000 and issue US\$250,000 worth of cash or shares on or before March 11, 2027;

During the year ended December 31, 2023, the Company also paid \$235,111 (2022 - \$224,402) in historical concession penalties as part of the acquisition. The property is subject to a 2.5% Net Smelter Royalty ("NSR"). The Company will have the right to buy back a 0.5% NSR at any time for the sum of US\$2,500,000. In the event the NSR buyback right is exercised by the Company, the vendor will retain a 2.0% NSR.

In the event the Company fails to satisfy the Earn-In Conditions by March 11, 2027, the Caujul Agreement shall immediately lapse, terminate and be of no further force and effect, and the Company shall be obligated to, among other things, return all exploration results of its exploration programs and data concerning such programs, remove all its equipment, material and infrastructure from the concession and conduct all necessary environmental remediation, reclamation, closure and post-closure activities on the concessions to comply with applicable law.

If a Go-Public Transaction does not occur on or before March 11, 2027, the optionor may elect to have the Company repurchase any or all of the common shares previously issued to the optionor or its nominee at a price of \$0.30 per common share (the "Put Right"). Upon notice to the issuer of the exercise of such Put Right (the "Put Notice"), the issuer will be obligated to acquire such common shares within 10 calendar days of the receipt of such Put Notice.

**4. ADVANCE FROM SHAREHOLDER**

At September 30, 2024, the Company had an advance from a shareholder in the amount of \$20,000 (December 31, 2023 - \$20,000). The advance has no fixed repayment terms, is unsecured and bears no interest.

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**5. SHARE CAPITAL AND RESERVES**

Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended September 30, 2024, the Company issued 4,124,000 shares pursuant to a private placement at \$0.20 per share for gross proceeds of \$824,800. The Company paid \$21,000 in finder's fees.

During the year ended December 31, 2023, the Company had the following share capital transactions:

- i) issued 1,000,000 shares with a value of \$250,000 pursuant to the acquisition of the Caujul Project (Note 3).
- ii) issued 1,057,000 shares pursuant to a private placement at \$0.20 per share for gross proceeds of \$211,400. \$80,000 was in subscriptions received in advance at March 31, 2023.

**Stock Option Plan**

The Company has a Stock Option Plan (the "Plan") under which, from the date that the Company becomes a reporting issuer with its common shares listed on a stock exchange, the Plan provides that the aggregate number of common shares reserved for issuance will be 10% of the number of common shares of the Company's issued and outstanding from time to time. The number of common shares, which may be reserved for issuance to any one individual upon the exercise of all stock options held by such individual within a one-year period, may not exceed 5% of the Common Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Issuer.

Options may be granted under the Plan to such eligible persons of the Company and its affiliates, including, but not limited to directors, senior officers, employees of the Company, consultants, employees of an external management company or corporation controlled by a consultant of the Company and its subsidiaries, or an eligible charitable organization. The exercise prices shall be determined by the Company, but shall, in no event, be less than the greater of the closing market price of the Company's shares on the Exchange on (i) the trading day prior to the date of the grant of the options and (ii) the date of grant of such options. In addition, the number of Common Shares, which may be reserved for issuance to any one individual upon the exercise of all stock options held by such individual within a one-year period, may not exceed 5% of the Common Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Issuer. Subject to earlier termination in the event of dismissal for cause, early retirement, voluntary resignation or termination other than for cause, or in the event of death or disability, all options granted under the Stock Option Plan will expire on the date set by the Board as the expiry date of the option, which expiry date shall not be more than 10 years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

No stock options have been granted pursuant to the Stock Option Plan as of the date hereof.



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**6. RELATED PARTY BALANCES AND TRANSACTIONS**

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

During the period ended September 30, 2024, the Company:

- i) accrued and incurred \$25,500 (2023 - \$31,700) in professional fees to an accounting firm, in which the Chief Financial Officer has an interest, for accounting services.
- ii) accrued and incurred \$72,000 (2023 - \$72,000) in consulting fees to the Chief Executive Officer of the Company.

As at September 30, 2024, accounts payable and accrued liabilities include \$160,817 (December 31, 2023 - \$98,789) due to related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

**7. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity.

The Company considers the aggregate of its share capital, reserves and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended September 30, 2024.

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**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and advance from shareholder.

An entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

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

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

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

**Fair Value of Financial Instruments**

The Company's financial assets measured at fair value include cash and are classified as Level 1. The carrying value of amounts receivable, accounts payable and accrued liabilities, and advance from shareholder approximate their fair values due to the relatively short periods of maturity of these instruments.

**Financial risk management objectives and policies**

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) **Currency risk**

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) **Interest rate risk**

The Company has cash balances, and advance from shareholder. The Company is satisfied with the credit ratings of its banks. The Company believes it has no significant interest rate risk.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) **Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

The Company is exposed to credit risk with respect to uncertainties as to timing of collectability of receivables. The Company believes its credit risk is low. Management does not believe the receivables are impaired.

(iv) **Liquidity risk**

In the management of liquidity risk, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

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**9. SEGMENTED INFORMATION**

The Company has one operating segment, being the exploration and evaluation of assets in Peru. The Company's exploration and evaluation assets at September 30, 2024 were \$2,720,372 (December 31, 2023 - \$2,282,920).

**10. INITIAL PUBLIC OFFERING**

The Company is in the process of filing a prospectus for an Initial Public Offering ("IPO") of a minimum of 9,333,333 units and a maximum of 13,333,333 units at a price of \$0.30 per for aggregate minimum gross proceeds of \$2,800,000 and maximum gross proceeds of \$4,000,000 (subject to the exercise of the Over-Allotment Option of 15%). Each unit consists of one common share and one-half of one transferable warrant exercisable at a price of \$0.45 for 24 months from closing of the IPO.

In connection with the IPO, the Company will pay the Agent a cash commission of 6% of the gross proceeds raised, 3% of the gross proceeds realized from the sale to purchasers on the President's List, and out-of-pocket expenses relating to the offering. In addition, the Company will issue agent's warrants equal to 6% of the gross proceeds raised, 3% of the gross proceeds realized from the sale to purchasers on the President's List, exercisable at \$0.30 each for a period of 24 months from the date of listing on the TSX-V.