

MINAURUM GOLD INC

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the years ended April 30, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Minaurum Gold Inc.

Opinion

We have audited the accompanying consolidated financial statements of Minaurum Gold Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, cash flows, and supplemental schedule of exploration costs for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a history of losses with no operating revenue, an accumulated deficit of \$61,488,303, and a working capital of \$543,340 as at April 30, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$7,160,946 as of April 30, 2024. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements.
- Evaluating on a test basis, title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

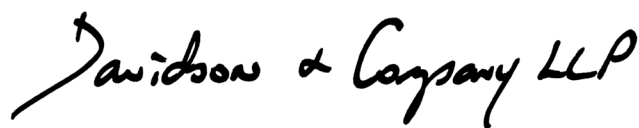
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 14, 2024

MINAURUM GOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

| | April 30, 2024 | April 30, 2023 |
|---|---------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 617,300 | \$ 1,503,938 |
| Receivables (Note 4) | 262,961 | 69,604 |
| Marketable securities (Note 5) | 122,109 | 396,853 |
| Prepaid expenses | 70,979 | 107,900 |
| | <u>1,073,349</u> | <u>2,078,295</u> |
| Exploration and evaluation assets (Note 6) | 7,160,946 | 8,475,460 |
| Deferred costs (Note 8) | 48,325 | - |
| | <u>\$ 8,282,620</u> | <u>\$ 10,553,755</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 530,009 | \$ 161,264 |
| | <u>530,009</u> | <u>161,264</u> |
| Deferred income tax liability (Note 11) | 158,000 | 201,000 |
| | <u>158,000</u> | <u>201,000</u> |
| | <u>688,009</u> | <u>362,264</u> |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 8) | 59,514,472 | 58,735,073 |
| Reserves (Note 8) | 9,568,442 | 9,211,259 |
| Deficit | (61,488,303) | (57,754,841) |
| | <u>7,594,611</u> | <u>10,191,491</u> |
| | <u>\$ 8,282,620</u> | <u>\$ 10,553,755</u> |

NATURE AND CONTINUANCE OF OPERATIONS (NOTE 1)

SUBSEQUENT EVENTS (NOTE 12)

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

SIGNED: "Lawrence Talbot"

SIGNED: "Darrell A. Rader"

MINAURUM GOLD INC.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS***(Expressed in Canadian dollars)*

| | Year ended April 30, | |
|--|-----------------------------|-----------------------|
| | 2024 | 2023 |
| EXPENSES | | |
| Consulting fees (Note 7) | \$ 216,023 | \$ 276,794 |
| Directors' fees (Note 7) | 81,667 | 80,000 |
| Exploration costs (supplemental schedule) (Note 6, 7) | 778,604 | 2,558,403 |
| Filing and registration | 82,790 | 92,210 |
| Foreign exchange | 58,772 | 134,041 |
| Investor relations and marketing | 144,569 | 199,692 |
| Office and administration | 171,777 | 170,073 |
| Professional fees | 195,041 | 223,839 |
| Share-based payments (Note 7, 8(c)) | 357,183 | 1,919,528 |
| Travel and meals | 17,115 | 20,097 |
| | <u>(2,103,541)</u> | <u>(5,674,677)</u> |
| Interest income | 12,862 | 31,110 |
| Fair value adjustment of marketable securities (Note 5) | (274,744) | (2,045,322) |
| Write-off of exploration and evaluation assets (Note 6) | (1,411,039) | - |
| | <u>(1,672,921)</u> | <u>(2,014,212)</u> |
| LOSS BEFORE INCOME TAXES | \$ (3,776,462) | \$ (7,688,889) |
| Deferred income tax recovery (Note 11) | 43,000 | - |
| TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR | \$ (3,733,462) | \$ (7,688,889) |
| LOSS PER COMMON SHARE, BASIC AND DILUTED | \$ (0.01) | \$ (0.02) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED | 370,210,666 | 366,209,046 |

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

MINAURUM GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

| | Number of shares | Share capital | Share-based reserves | Deficit | Total shareholders' equity |
|---------------------------------------|---------------------|----------------------|-------------------------|------------------------|----------------------------------|
| April 30, 2022 | 366,209,046 | \$ 58,648,566 | \$ 7,291,731 | \$ (50,065,952) | 15,874,345 |
| Shares issued for mineral properties | 443,628 | 86,507 | - | - | 86,507 |
| Share-based payments | - | - | 1,919,528 | - | 1,919,528 |
| Total comprehensive loss for the year | - | - | - | (7,688,889) | (7,688,889) |
| April 30, 2023 | 366,652,674 | 58,735,073 | 9,211,259 | (57,754,841) | 10,191,491 |
| Shares issued for cash | 7,275,000 | 800,250 | - | - | 800,250 |
| Share issuance costs | - | (20,851) | - | - | (20,851) |
| Share-based payments | - | - | 357,183 | - | 357,183 |
| Total comprehensive loss for the year | - | - | - | (3,733,462) | (3,733,462) |
| April 30, 2024 | 373,927,674 | \$ 59,514,472 | \$ 9,568,442 | \$ (61,488,303) | 7,594,611 |

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

MINAURUM GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

| | Year ended April 30, | |
|---|-----------------------------|---------------------|
| | 2024 | 2023 |
| OPERATING ACTIVITIES | | |
| Loss for the year | \$ (3,733,462) | \$ (7,688,889) |
| Items not affecting cash: | | |
| Deferred income tax recovery | (43,000) | - |
| Fair value adjustment of marketable securities | 274,744 | 2,045,322 |
| Share-based payments | 357,183 | 1,919,528 |
| Write-off of exploration and evaluation assets | 1,411,039 | - |
| <i>Changes in non-cash working capital items:</i> | | |
| Receivables | (193,357) | (57,477) |
| Prepaid expenses | 36,921 | (984) |
| Accounts payable and accrued liabilities | 317,637 | (367,635) |
| Cash flows used in operating activities | (1,572,295) | (4,150,135) |
| INVESTING ACTIVITIES | | |
| Exploration and evaluation acquisition costs | (96,525) | (797,584) |
| Option payments received | - | 135,427 |
| Cash flows used in investing activities | (96,525) | (662,157) |
| FINANCING ACTIVITIES | | |
| Shares issued for private placements | 800,250 | - |
| Share issuance costs | (18,068) | - |
| Cash flows provided by financing activities | 782,182 | - |
| NET CHANGE IN CASH DURING THE YEAR | (886,638) | (4,812,292) |
| CASH, BEGINNING OF THE YEAR | 1,503,938 | 6,316,230 |
| CASH, END OF THE YEAR | \$ 617,300 | \$ 1,503,938 |
| CASH PAID FOR INTEREST AND TAXES | \$ - | \$ - |
| SUPPLEMENTAL SCHEDULE OF NON-CASH TRANSACTIONS | | |
| Shares issued for exploration and evaluation assets | \$ - | \$ 86,507 |
| Share issuance costs in accounts payable | \$ 2,783 | \$ - |
| Deferred financing costs in accounts payable | \$ 48,325 | \$ - |

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

MINAURUM GOLD INC.

SUPPLEMENTAL SCHEDULE OF EXPLORATION COSTS

(Expressed in Canadian dollars)

| | Mexico | Mexico | Mexico | Mexico | Mexico | Mexico | Mexico | Mexico | Mexico | Mexico | USA | Total |
|------------------------------|---------------------|---------------------|--------------------|-------------------------------------|------------------------|--------------------|-------------------|---------------------|------------------------|-------------------|---------------------|-----------|
| | Vuelcos Property | Adelita Property | Aurena Property | Mexico Santa Marta Project | La Quintera Project | Taviche Project | Biricu Project | Aurifero Project | General Exploration | | | |
| Year ended April 30, 2024 | | | | | | | | | | | | |
| Analysis | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,207 | \$ 6,207 |
| Claim maintenance | - | - | - | - | - | - | - | - | - | - | 103,476 | 103,476 |
| Community relations | - | - | - | - | 120,837 | - | - | - | - | - | - | 120,837 |
| Drilling | - | - | - | - | 2,189 | - | - | - | - | - | - | 2,189 |
| Field supplies and equipment | - | - | - | - | 5,765 | - | - | 146 | 194 | - | - | 6,105 |
| General | 1,348 | 14,570 | 10,992 | 5,926 | 303,812 | 1,119 | 3,865 | 5,267 | 67,284 | 1,235 | - | 415,418 |
| Geological consulting | 6,450 | 9,858 | 6,450 | 112,684 | 187,563 | 4,838 | 6,450 | 12,900 | 12,900 | 12,872 | - | 372,965 |
| Permitting | - | - | - | - | 62,669 | - | - | - | - | - | - | 62,669 |
| Property taxes | - | 35,013 | 18,473 | 107,202 | 217,392 | - | - | 79,663 | - | - | - | 457,743 |
| Reclamation | - | - | - | - | 72,589 | - | - | - | - | - | - | 72,589 |
| Rent | - | 15,960 | 4,937 | - | 30,738 | - | - | - | - | - | - | 51,635 |
| Transportation | - | - | - | - | 71,626 | - | - | 146 | 480 | - | 27,969 | 100,221 |
| Recoveries | - | - | - | - | - | - | - | - | (993,450) | - | - | (993,450) |
| Total for the year | \$ 7,798 | \$ 75,401 | \$ 40,852 | \$ 225,812 | \$ 1,075,180 | \$ 5,957 | \$ 10,315 | \$ 98,122 | \$ (912,592) | \$ 151,759 | \$ 778,604 | |
| Year ended April 30, 2023 | | | | | | | | | | | | |
| Analysis | \$ - | \$ - | \$ - | \$ - | \$ 40,910 | \$ - | \$ - | \$ 1,334 | \$ - | \$ 6,237 | \$ - | \$ 48,481 |
| Claim maintenance | - | - | - | - | - | - | - | - | - | 69,356 | - | 69,356 |
| Community relations | - | - | - | - | 111,612 | - | - | - | - | - | - | 111,612 |
| Drilling | - | - | - | - | 114,823 | - | - | - | - | - | - | 114,823 |
| Field supplies and equipment | - | - | - | 43 | 14,715 | - | - | 5,968 | - | - | - | 20,726 |
| General | 935 | 935 | 15,054 | 16,267 | 230,573 | 935 | 935 | 22,810 | 73,280 | 7,562 | - | 369,286 |
| Geological consulting | 6,988 | 6,450 | 10,213 | 97,500 | 312,938 | 1,075 | 9,138 | 37,263 | 15,050 | 45,486 | - | 542,101 |
| Permitting | - | - | - | - | 45,761 | - | - | - | - | - | - | 45,761 |
| Property taxes | 114,060 | - | 29,227 | 180,672 | 190,517 | 104 | 385,257 | 72,907 | - | - | - | 972,744 |
| Reclamation | - | - | - | - | 204,847 | - | - | - | - | - | - | 204,847 |
| Rent | - | 14,484 | - | - | 27,725 | - | - | - | - | - | - | 42,209 |
| Surveying | - | - | - | - | 16,664 | - | - | - | - | - | 9,660 | 26,324 |
| Transportation | - | - | - | 89 | 167,773 | - | - | 8,648 | - | 69,111 | - | 245,621 |
| Recoveries | - | - | - | - | - | - | - | - | (255,488) | - | - | (255,488) |
| Total for the year | \$ 121,983 | \$ 21,869 | \$ 54,494 | \$ 294,571 | \$ 1,478,858 | \$ 2,114 | \$ 395,330 | \$ 148,930 | \$ (167,158) | \$ 207,412 | \$ 2,558,403 | |

During the year ended April 30, 2024, the Company paid \$134,738 (MXN\$1,717,397) (2023 – \$266,580 or MXN\$3,898,096) in IVA on expenditures incurred in Mexico. The collectability of these amounts is uncertain, therefore the Company has written off these amounts in exploration costs through profit and loss during the years ended April 30, 2024 and 2023, respectively. During the year ended April 30, 2024, the Company received or accrued \$993,450 (MXN - \$12,662,729) (2023 - \$255,488 or MXN\$3,735,897) in IVA refunds on expenditures incurred in Mexico in prior periods, which have been included as a recovery of exploration costs through profit and loss during the years ended April 30, 2024 and 2023, respectively.

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

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian dollars)

1. Nature and Continuance of Operations:

Minaurum Gold Inc. ("the Company") was incorporated under the Business Corporations Act of British Columbia on November 13, 2007. The Company is an exploration stage company and engages principally in the acquisition and exploration of mineral properties. The Company's head office address is Suite 1570 – 200 Burrard Street, Vancouver, BC, V6C 3L6, Canada. The registered and records office address is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5, Canada. The Company is listed on the TSX Venture Exchange.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether its exploration and evaluation assets contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts shown as exploration and evaluation assets are entirely dependent upon the existence of economically recoverable resource reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation assets, and future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The Company has a history of losses with no operating revenue, an accumulated deficit of \$61,488,303 since inception, and a working capital of \$543,340 as at April 30, 2024. Subsequent to April 30, 2024, the Company closed a brokered private placement with gross proceeds of \$5,696,250. Management recognizes that the Company, in the long term, will need to generate additional financial resources to meet its planned business objectives. However, there can be no assurances that the Company will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern within one year from the date of filing of these consolidated financial statements.

These consolidated financial statements do not reflect adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Recent global issues, including the COVID-19 pandemic and recent geopolitical conflict, have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations at this time.

2. Material Accounting Policies:

a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

These consolidated financial statements were authorized for issuance by the Board on August 14, 2024.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2024 AND 2023
(Expressed in Canadian dollars)

2. Material Accounting Policies (continued):

b) Basis of consolidation:

These consolidated financial statements include the financial statements of the Company and its wholly-owned Mexican subsidiaries, Minera Minaurum Gold S.A. De C.V. and Minera Citation S.A. de C.V., which carry out exploration activities in Mexico, and its wholly-owned USA subsidiary, Minaurum Corp., a Delaware company, which carries out exploration activities in the USA. All material intercompany transactions and balances have been eliminated on consolidation.

c) Recent accounting pronouncements

Effective May 1, 2023, the Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*, which require entities to disclose material accounting policies instead of significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies that provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. While the amendments did not result in any changes to the Company's accounting policies themselves, they impacted the accounting policy information disclosed in the Company's consolidated financial statements. The accounting policy information disclosed in Note 2 reflects the Company's material accounting policies.

Effective May 1, 2027, the Company is required to adopt *IFRS 18, Presentation and Disclosure in Financial Statements*, with early adoption permitted. IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7, Statement of Cash Flows.

The Company is assessing the potential impact of the application of these standards.

d) Financial instruments:

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company's marketable securities are classified as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met, and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian dollars)

2. Material Accounting Policies (continued):

- d) Financial instruments (continued):

Financial assets (continued)

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

- e) Exploration and evaluation assets:

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Exploration costs are recognized in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss. All costs related to the acquisition of exploration and evaluation assets are capitalized. Amounts received for the sale of exploration and evaluation assets and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. Costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian dollars)

2. Material Accounting Policies (continued):

e) Exploration and evaluation assets (continued):

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is recognized in profit or loss in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

f) Impairment:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Provision for closure and reclamation:

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation for the years presented.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. Material Accounting Policies (continued):

h) Income taxes:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share. Since the Company has losses the exercise of outstanding options has not been included in this calculation as it would be anti-dilutive.

j) Share-based payments:

The Company uses the fair value-based method of accounting for stock options granted to employees and directors and agent options issued on private placements. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of agent options at the date of issuance, as determined using the Black-Scholes model, is recognized as share issuance costs, with the offsetting credit to share-based payments reserve. If the stock options or agent options are exercised, the proceeds are credited to share capital and the fair value of the options or agent options exercised is reclassified from share-based payments reserve to share capital.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. Material Accounting Policies (continued):

j) Share-based payments (continued):

From time to time in connection with private placements, the Company issues compensatory finder warrants or broker warrants to agents as commission for services. Awards of finder warrants and broker warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when finder warrants and broker warrants are issued. The fair value of a warrant on a share is measured using the Black-Scholes option pricing model and the fair value of the warrant on a warrant is measured using the Geske compound option pricing model that both requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the instruments.

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

k) Valuation of equity units issued in private placements:

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 most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

l) Foreign currency translation:

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the period.

The Company's reporting currency and the functional currency of all of its subsidiaries is the Canadian dollar as this is the principal currency of the economic environment in which they generate financial resources.

m) Use of judgments and estimates:

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

MINAURUM GOLD INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2. Material Accounting Policies (continued):

- m) Use of judgments and estimates (continued):

Critical accounting estimates

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

Recoverability of receivables

The Company estimates the recoverability of IVA paid on expenditures incurred in Mexico.

Share-based payments

The fair value of stock options and warrants issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions.

Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred income tax liability

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on an analysis of the consideration factors in IAS 21, The Effects of Changes in Foreign Exchange Rates.

3. Capital Management:

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The capital structure of the Company consists of shareholders' equity. The Company is not exposed to any externally imposed capital requirements.

MINAURUM GOLD INC.

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3. Capital Management (continued):

The exploration and evaluation assets in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended April 30, 2024 and 2023.

4. Receivables:

| | April 30, 2024 | April 30, 2023 |
|---|-------------------|------------------|
| Amounts due from Government of Canada pursuant to GST input tax credits | \$ 8,511 | \$ 8,286 |
| Amounts due from Government of Mexico pursuant to IVA input tax credits | <u>254,450</u> | <u>61,318</u> |
| Total | <u>\$ 262,961</u> | <u>\$ 69,604</u> |

5. Marketable securities:

| | Marketable securities |
|--|-----------------------|
| Cost | |
| Balance, April 30, 2022 | \$ - |
| Additions | <u>2,442,175</u> |
| Balance, April 30, 2023 and April 30, 2024 | <u>\$ 2,442,175</u> |
| Fair value | |
| Balance, April 30, 2022 | \$ 2,442,175 |
| Fair value adjustment | <u>(2,045,322)</u> |
| Balance, April 30, 2023 | 396,853 |
| Fair value adjustment | <u>(274,744)</u> |
| Balance, April 30, 2024 | <u>\$ 122,109</u> |

During the year ended April 30, 2022, the Company received 6,105,438 shares of Infinitum Copper Corp. pursuant to an option agreement on the Adelita property (Note 6(b)).

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6. Exploration and Evaluation Assets:

Balance consists of:

| | April 30, 2024 | April 30, 2023 |
|-----------------------------|---------------------|---------------------|
| Aurena, Mexico | \$ 1,189,713 | \$ 1,189,713 |
| Vuelcos del Destino, Mexico | - | 1,411,039 |
| Santa Marta, Mexico | 346,294 | 346,294 |
| Alamos (Quintera), Mexico | 3,452,780 | 3,452,780 |
| Taviche, Mexico | 64,573 | 64,573 |
| Biricu, Mexico | 1,127,494 | 1,127,494 |
| Aurífero, Mexico | 656,326 | 559,801 |
| United States | 323,766 | 323,766 |
| Total | \$ 7,160,946 | \$ 8,475,460 |

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge title to the assets is in good standing.

a) Aurena Property, Oaxaca State, Mexico:

On April 30, 2009, the Company acquired an option, subsequently amended, to earn a 100% interest in the Aurena Property for 3,500,000 shares (issued) and \$20,000 cash (paid). The property is subject to a net smelter return royalty ("NSR") of 3%. In November 2010, a related party of the Mexican company that is the optionor of the underlying agreement became a director of the Company.

The Company paid US\$140,000, issued 1,100,000 common shares valued at \$514,500 and incurred property expenditures of US\$2,500,000 to earn its 100% interest in the Aurena property.

Upon commencement of commercial production, the Company shall issue 2,000,000 shares to the vendor. The Company may elect to purchase up to 2% of the NSR for payment of the greater of US\$4,000,000 or the equivalent amount of 0.9999 fine physical gold measured in troy ounces priced at the New York closing spot price on the closing date.

b) Adelita Property, Sonora State, Mexico:

On April 23, 2010, the Company acquired an option, subsequently amended, to acquire a 100% interest in a mineral property known as the Adelita property, comprised primarily of a land package under option with a Mexican company that is the optionor of the underlying agreement, along with a minor claim under option with a separate landowner. In November 2010, a related party of the Mexican company became a director of the Company. In consideration, the Company paid \$1 to acquire the option.

The Company previously paid US\$595,000 and issued 925,000 common shares valued at \$470,000 pursuant to the option and owns 100% of the Adelita property.

The property is subject to an NSR of 2%. On April 8, 2021, the Company issued 200,000 common shares valued at \$80,000 to eliminate a commercial production payment of 500,000 common shares.

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6. Exploration and Evaluation Assets (continued):

b) Adelita Property, Sonora State, Mexico (continued):

Option Agreement with Infinitem Copper Corp.

In the year ended April 30, 2021, the Company granted to Infinitem Copper Corp. ("Infinitem", formerly ASR Resources Corp.) an option to earn an 80% interest in the Adelita property. In consideration for the granted option, Infinitem paid the Company the following:

- a) \$50,000 on signing (received);
- b) \$43,333 in property taxes on or before 10 business days after signing (received); and
- c) \$25,000 on or before August 26, 2021 (received).

In addition, on the first day of listed trading on the TSX Venture Exchange or Canadian Securities Exchange ("Listing Date"), Infinitem must issue 16% of the total issued and outstanding common shares of Infinitem calculated post issuance to the Company (received 6,105,438 shares valued at \$2,442,175 during the year ended April 30, 2022). Infinitem must incur at least \$3,000,000 of expenditures on the Adelita property on or before five years from the Listing Date (completed by September 30, 2023).

After completing the option to earn 80%, the Company and Infinitem are in the process of entering into a joint venture agreement. The Company's 20% retained interest will be carried until Infinitem carries out a total of \$4,750,000 in expenditures along with completing both a mineral resource calculation in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects and a Preliminary Economic Assessment.

Pursuant to the option agreement, Infinitem had 12 months from signing the definitive agreement to complete a listing, with a \$100,000 option to extend if the deadline was exceeded. During the year ended April 30, 2022, Infinitem exceeded the 12-month deadline to complete a listing, and the Company received \$100,000 to extend the option.

During the year ended April 30, 2022, the Company recognized a gain of \$2,000,253 in respect of payments received in excess of the Company's carrying value of the Adelita property.

c) Vuelcos del Destino Property, Guerrero State, Mexico:

On April 3, 2010, the Company acquired an option, subsequently amended, to acquire a 100% interest in a mineral property known as the Vuelcos del Destino property, located in Mexico. In November 2010, the president of the Mexican company that is the optionor of the underlying agreement became a director of the Company. The property is subject to a NSR of 3%, of which the Company may purchase up to 2% for US\$2,000,000 per percentage point. In consideration, the Company paid \$1 to acquire the option.

To maintain the option on the property, the Company must pay an aggregate of US\$355,000 in cash (paid) and issue an aggregate of 3,650,000 common shares (issued at an aggregate value of \$1,004,500) and complete US\$2,000,000 in exploration expenditures by April 23, 2022 (\$1,567,708 incurred as at April 30, 2024).

On March 30, 2020, the option agreement was amended to extend the date of required expenditures from April 23, 2020 to April 23, 2022, unless the necessary permits required for drilling on the property are not obtained by April 23, 2021, in which case the time to complete the remaining option payments and expenditures will be extended by the corresponding additional amount of time required to obtain the necessary permits. As at April 30, 2024, the permits have not been obtained.

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6. Exploration and Evaluation Assets (continued):

c) Vuelcos del Destino Property, Guerrero State, Mexico (continued):

Upon commencement of commercial production, the Company must also issue an additional 2,000,000 common shares to a maximum aggregate value of US\$5,000,000.

Subsequent to April 30, 2024, the Company determined that the property was impaired (Note 12) and wrote off \$1,411,039 in acquisition costs as at April 30, 2024.

d) Santa Marta Project, Oaxaca State, Mexico:

On October 7, 2010, the Company acquired an option, subsequently amended, from Minera Zalamera S.A. de C.V. ("Minera Zalamera"), to acquire a 100% interest in a mineral property known as the Santa Marta property, located in Mexico. The property is subject to an NSR of 3%. In consideration, the Company may purchase up to 2% of the NSR for US\$1,000,000 per 0.5%, payable at the Company's election in either cash or the equivalent of 0.9999 fine physical gold measured in troy ounces, priced at the New York gold closing price on the date of delivery.

To maintain the option on the property, the Company must pay an aggregate of US\$175,000 in cash (paid US\$115,000) and issue an aggregate of 1,875,000 common shares (issued at an aggregate value of \$370,500) on or before October 28, 2016, and complete US\$2,500,000 in exploration expenditures by October 28, 2017 (\$3,183,530 incurred as at April 30, 2024).

In fiscal 2014, the option agreement was amended to state that the remaining option payments and expenditures would be deferred if the necessary permits required for drilling on the property were not obtained by May 31, 2014, in which case the time to complete the remaining option payments and expenditures will be extended by the corresponding additional amount of time required to obtain the necessary permits. As at April 30, 2024, the permits have not been obtained.

Upon commencement of commercial production, the Company will issue additional shares equal in value to \$5,000,000 to a maximum of 1,000,000 common shares, whichever is less.

e) Alamos (Quintera) Project, Sonora State, Mexico:

On September 1, 2016, the Company entered into an option agreement to earn a 100% interest in the Alamos (Quintera) silver project in Sonora, Mexico. To maintain the option on the property, the Company paid an aggregate of \$500,000 in cash, issued an aggregate of 6,443,628 common shares at a value of \$2,240,000, and incurred the minimum property expenditures (\$3,000,000) on or before September 1, 2022 as required under the option agreement. The Company fulfilled all remaining obligations pursuant to the option agreement during the year ended April 30, 2023 and as such, has now vested 100% ownership in the Alamos (Quintera) property.

The property vendor retains a 2% NSR, 0.5% of which can be purchased for \$1,000,000. The Company must also complete a \$2,000,000 payment to the property vendor within 30 days of the commencement of commercial production.

From fiscal 2019 to fiscal 2022, the Company also paid an aggregate of \$697,276 to acquire additional property concessions in the Alamos district.

MINAURUM GOLD INC.

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6. Exploration and Evaluation Assets (continued):

f) Taviche Project, Oaxaca State, Mexico:

On January 25, 2019, the Company entered into a purchase and sale agreement with Gold79 Mines Ltd. (formerly Aura Resources Inc) and its wholly owned subsidiary, Aura Resources Mexico, S.A. de C.V. (collectively, "Gold79") to purchase an 80% interest in Gold79's Taviche project located in Oaxaca State in Mexico (the "Aura Purchase Agreement"). In consideration, the Company issued 100,000 common shares (valued at \$40,000) upon closing of the transaction and will issue an additional 100,000 common shares upon community approval of a drill program. Gold79 also granted to the Company an exclusive option to acquire the remaining 20% of the Taviche project for a total purchase price of \$1,000,000. During the year ended April 30, 2023, the Company exercised its option to acquire the remaining 20% of the Taviche project from Gold79 for a total purchase price of \$1,000,000 (paid). Concurrently, the Company entered into a settlement agreement with Gold79 pursuant to which Gold79 will pay \$800,000 (received) to the Company for a full and final release regarding any claims associated with the Taviche project. The Taviche project is subject to an aggregate 2.5% NSR.

Option Agreement with Fortuna Silver Mines Inc.

On December 31, 2020, and amended December 21, 2021 and December 7, 2022, the Company granted to Compania Minera Cuzcatlan, S.A. de C.V. ("CMC"), a wholly owned subsidiary of Fortuna Silver Mines Inc. ("Fortuna"), an exclusive option to earn up to an 80% interest in the Taviche project. CMC could initially earn a 60% interest ("Initial Interest") by making cash payments to the Company and incurring expenditures as follows:

- i) US\$75,000 cash payment on the effective date (received);
- ii) US\$100,000 cash payment on or before December 9, 2022 (received);
- iii) US\$125,000 cash payment on or before the date (the "Third Payment Date") that is the earlier of:
 - a) The date on which Fortuna has obtained all surface rights, permits, licenses and approvals to commence exploration drilling on the Taviche project; and
 - b) December 31, 2025;
- iv) US\$150,000 to Minaurum on or before the first anniversary of the Third Payment Date; and
- v) incur a total of US\$4,000,000 in expenditures on the Taviche project by the date that is the first anniversary of the Third Payment Date.

Upon earning the Initial Interest, Fortuna could then earn an additional 20% interest for a total 80% interest in the Taviche project by paying the Company US\$1,000,000. Upon CMC acquiring the Initial Interest, the parties would form a joint venture, pursuant to which the Company would retain a 20% interest which would be carried until a positive construction decision was made under the terms of the agreement.

During the year ended April 30, 2024, the Fortuna option agreement was terminated.

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6. Exploration and Evaluation Assets (continued):

g) Biricu Project, Guerrero State, Mexico:

On January 13, 2021, the Company renegotiated the terms of the underlying royalty on the Biricu Project. The Biricu Project is subject to a 2% NSR. The Company has been granted an option to repurchase one-half of the NSR which would result in the NSR being reduced to 1% of net smelter returns ("NSR Repurchase Option"). The NSR Repurchase Option may be exercised by cash payment as follows:

- i) \$500,000 if the NSR Repurchase Option is exercised on or before December 31, 2023;
- ii) \$750,000 if the NSR Repurchase Option is exercised after December 31, 2023 and on or before December 31, 2024; and
- iii) \$1,000,000 if the NSR Repurchase Option is exercised after December 31, 2024 and on or before December 31, 2025.

h) Aurífero Project, Sonora State, Mexico:

On January 17, 2020, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in the Aurífero gold project in Sonora, Mexico. To maintain the option on the property, the Company must complete cash payments over a five-year period as follows:

| Milestone | Cash (USD) | |
|------------------|-------------------|------------------|
| Signing | \$ | 84,120 (paid) |
| July 17, 2020 | \$ | 35,000 (paid) |
| January 17, 2021 | \$ | 25,000 (paid) |
| July 17, 2021 | \$ | 25,000 (paid) |
| January 17, 2022 | \$ | 25,000 (paid) |
| July 17, 2022 | \$ | 25,000 (paid) |
| January 17, 2023 | \$ | 25,000 (paid) |
| July 17, 2023 | \$ | 25,000 (paid) |
| January 17, 2024 | \$ | 25,000 (paid) |
| July 17, 2024 | \$ | 25,000 (paid)* |
| January 17, 2025 | \$ | 2,370,000 |
| Totals | \$ | 2,689,120 |

* paid subsequent to April 30, 2024

During the year ended April 30, 2024, the Company also paid or accrued \$30,494 (2023 – \$24,732) to acquire additional property concessions adjacent to the original Aurífero property.

Certain claims in the Aurífero property are subject to a 1% NSR.

i) United States:

During the year ended April 30, 2024, the Company paid \$nil (2023 - \$114,679) to stake certain claims in Arizona, USA.

MINAURUM GOLD INC.

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7. Related Party Transactions:

As at April 30, 2024, \$291,880 (2023 - \$44,031) (included in accounts payable and accrued liabilities) is due to directors, officers, and companies with a director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments. As at April 30, 2024, the Company had prepaid \$22,324 (2023 - \$nil) to an officer.

The remuneration of key management personnel, which includes directors and officers of the Company, including amounts disclosed above, during the years ended April 30, 2024 and 2023 were as follows:

| | 2024 | 2023 |
|---|-------------------|---------------------|
| Consulting fees | \$ 276,000 | \$ 294,743 |
| Exploration costs (geological consulting) | 130,715 | 129,000 |
| Directors' fees | 80,000 | 80,000 |
| Share-based payments | <u>282,013</u> | <u>1,554,192</u> |
| Total | <u>\$ 768,728</u> | <u>\$ 2,057,935</u> |

8. Share Capital:

a) Authorized share capital:

Unlimited common shares without par value.

b) Issued and outstanding common shares:

Issued in the year ended April 30, 2024

On November 3, 2023, the Company closed a non-brokered private placement, issuing a total of 7,275,000 units at a price of \$0.11 per unit for gross proceeds of \$800,250. Each unit comprises one common share of the Company and one-half of one common share purchase warrant, each warrant exercisable at a price of \$0.18 per share for 3 years. The Company incurred share issuance costs of \$20,851.

At April 30, 2024, the Company had incurred \$48,325 in deferred financing costs related to the brokered financing which closed subsequent to April 30, 2024 (Note 12).

Issued in the year ended April 30, 2023

On August 22, 2022, the Company issued 443,628 common shares, valued at \$86,507, pursuant to the Alamos (Quintera) option agreement (Note 6(e)).

c) Stock options:

The Company has approved a stock option plan (the "Plan"), whereby the number of shares issuable under the Plan is limited to 10% of the issued and outstanding shares of the Company. The exercise price of each option shall not be less than the discounted market price of the Company's shares as calculated on the date of grant. An option's maximum term is ten years and shall vest as determined by the Board of Directors. Options granted to investor relations consultants shall vest in stages over 12 months with no more than one-quarter of options vesting in any three-month period.

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8. Share Capital (continued):

c) Stock options (continued):

Stock option transactions are as follows:

| | Number of stock options | Weighted average exercise price |
|-------------------------------------|-------------------------|---------------------------------|
| Balance, April 30, 2022 | 15,150,000 | \$ 0.44 |
| Cancelled / Expired | (800,000) | 0.49 |
| Balance outstanding, April 30, 2023 | 14,350,000 | 0.44 |
| Granted | 1,750,000 | 0.15 |
| Expired | (275,000) | 0.45 |
| Balance outstanding, April 30, 2024 | 15,825,000 | 0.41 |
| Balance exercisable, April 30, 2024 | 14,512,500 | 0.43 |

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

| Number of stock options outstanding | Number of stock options exercisable | Exercise price | Expiry Date |
|-------------------------------------|-------------------------------------|----------------|------------------|
| 2,550,000 | 2,550,000 | \$ 0.45 | April 15, 2029 |
| 200,000 | 200,000 | 0.45 | June 18, 2029 |
| 300,000 | 300,000 | 0.52 | March 23, 2026 |
| 3,200,000 | 3,200,000 | 0.52 | March 23, 2031 |
| 125,000 | 125,000 | 0.45 | October 15, 2026 |
| 7,700,000 | 7,700,000 | 0.40 | April 13, 2032 |
| 1,750,000 | 437,500 | 0.15 | November 9, 2028 |
| 15,825,000 | 14,512,500 | \$ 0.41 | |

The weighted average fair value per option granted during the year ended April 30, 2024 was \$0.10 (2023 - \$nil). During the year ended April 30, 2024, the Company recognized \$357,183 (2023 - \$1,919,528) in share-based payments for the fair value of the vesting portion of the stock options that were granted in the current and prior periods. The weighted average assumptions used in the calculation of fair value are as follows:

| | April 30, 2024 | April 30, 2023 |
|--------------------------|----------------|----------------|
| Risk-free interest rate | 3.89% | N/A |
| Expected volatility | 92.86% | N/A |
| Expected life of options | 4.98 years | N/A |
| Expected dividend yield | Nil | N/A |
| Forfeiture rate | Nil | N/A |

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8. Share Capital (continued):

d) Warrants:

Warrant transactions are as follows:

| | Number of warrants | Weighted average exercise price |
|-------------------------|--------------------|---------------------------------|
| Balance, April 30, 2022 | 25,429,750 | \$ 0.58 |
| Expired | (12,594,750) | 0.58 |
| Balance, April 30, 2023 | 12,835,000 | \$ 0.58 |
| Issued | 3,637,500 | 0.18 |
| Expired | (12,835,000) | 0.58 |
| Balance, April 30, 2024 | 3,637,500 | \$ 0.18 |

As at April 30, 2024, the Company has warrants outstanding as follows:

| Number of warrants | Exercise price | Expiry Date |
|--------------------|----------------|------------------|
| 3,637,500 | \$ 0.18 | November 3, 2026 |

9. Segmented Information:

The Company operates in one segment being the acquisition and exploration of exploration and evaluation assets. The Company operates in Mexico and the United States. Geographic information is described in Note 6.

10. Financial Instruments and Risk Management:

Financial instruments

The Company measures financial instruments using a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash, receivables, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments. Marketable securities are measured at level 1 inputs of the fair value hierarchy.

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10. Financial Instruments and Risk Management (continued):

Financial risk factors

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

a) Credit risk:

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's receivables consist primarily of amounts due from Canadian and Mexican government agencies, and cash is held with large and stable financial institutions.

b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they come due. As of April 30, 2024, the Company had cash of \$617,300 and current liabilities of \$530,009.

c) Market risk:

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

(i) Interest rate risk:

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign currency risk:

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in United States Dollars and Mexican Pesos.

The exposure of the Company's cash and receivables to foreign exchange risk is as follows:

| | April 30, 2024 | | April 30, 2023 | |
|-------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Foreign currency amount | Amount in CAD dollars | Foreign currency amount | Amount in CAD dollars |
| United States dollars: | | | | |
| Cash | 188,148 | \$ 258,109 | 111,318 | \$ 150,766 |
| Mexican pesos: | | | | |
| Cash | 2,448,124 | \$ 196,846 | 309,326 | \$ 23,266 |
| Accounts receivable | 3,164,534 | \$ 254,450 | 815,224 | \$ 61,318 |
| Total financial assets | | \$ 709,405 | | \$ 235,350 |

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10. Financial Instruments and Risk Management (continued):

Financial risk factors

c) Market risk (continued):

(ii) Foreign currency risk (continued):

The exposure of the Company's accounts payable to foreign exchange risk is as follows:

| | April 30, 2024 | | April 30, 2023 | |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Foreign currency amount | Amount in CAD dollars | Foreign currency amount | Amount in CAD dollars |
| United States dollars: | | | | |
| Accounts payable | 118,219 | \$ 162,178 | 45,363 | \$ 61,438 |
| Mexican pesos: | | | | |
| Accounts payable and accrued liabilities | 498,789 | \$ 40,106 | 131,547 | \$ 9,895 |
| Total financial liabilities | | \$ 202,284 | | \$ 71,333 |

As at April 30, 2024, the Company had net monetary assets denominated in United States dollars totaling approximately US\$69,929. The Company has determined that a 10% increase or decrease in the US dollar against the Canadian dollar on these instruments, as at April 30, 2024, would result in approximately \$9,600 change to comprehensive loss for the period.

(iii) Price risk:

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. Income Taxes:

a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2024 | 2023 |
|--|-----------------|----------------|
| Loss before income taxes | \$ (3,776,462) | \$ (7,688,889) |
| Income tax recovery at statutory rates | \$ (1,020,000) | \$ (2,076,000) |
| Change in statutory, foreign tax, foreign exchange rates and other | (666,000) | (2,268,000) |
| Permanent difference and share issue costs | 864,000 | 1,077,000 |
| Change in unrecognized deductible temporary differences | 779,000 | 3,267,000 |
| Total income tax expense (recovery) | (43,000) | - |

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11. Income Taxes (continued):

b) Significant components of deferred tax assets are as follows:

| | 2024 | 2023 |
|--|---------------|---------------|
| Deferred tax assets (liabilities): | | |
| Exploration and evaluation assets | \$ 10,725,000 | \$ 9,930,000 |
| Property and equipment | 2,000 | 2,000 |
| Share issue costs | 130,000 | 207,000 |
| Marketable securities and capital losses | 353,000 | 316,000 |
| Non-capital losses | 4,432,000 | 4,408,000 |
| | \$ 15,642,000 | \$ 14,863,000 |
| Unrecognized deferred tax assets | (15,642,000) | (14,863,000) |
| Net deferred tax assets | - | - |

No net deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

- c) The Company has non-capital losses for Canadian income tax purposes of approximately \$12,687,000 (2023 - \$11,630,000), for Mexico income tax purposes of approximately \$2,870,000 (2023 - \$3,901,000), and for United States income tax purposes of approximately \$550,000 (2023 - \$369,000), which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire through to 2044 in Canada and in Mexico through 2026. The losses in the United States do not expire.
- d) In December 2013, the Mexican government passed a bill that increased the effective tax rate applicable to the Company's Mexican operations. The law was effective January 1, 2014, and increased the future corporate income tax rate to 30%, created a 10% withholdings tax on dividends paid to non-resident shareholders (subject to any reduction by an Income Tax Treaty), and created a new Extraordinary Mining Duty equal to 0.5% of gross revenues from the sale of gold, silver, and platinum. This resulted in the Company recording a deferred tax liability of \$201,000 at April 30, 2014. In addition, the law requires taxpayers with mining concessions to pay a new 7.5% Special Mining Duty. The Extraordinary Mining Duty and Special Mining Duty are deductible for income taxes. The Special Mining Duty is applicable to earnings before income tax, depreciation, depletion, amortization and interest. There are no deductions related to development costs but exploration and prospecting costs are deductible when incurred. The deferred tax liability was reduced by \$43,000 during the year ended April 30, 2024 as a result of the impairment of the Vuelcos del Destino property (Note 6).

12. Subsequent events:

Financing

Subsequent to April 30, 2024, the Company closed a brokered private placement of 22,785,000 units at a price of \$0.25 per unit for gross proceeds of \$5,696,250. Each unit consists of one common share and one half of one common share purchase warrant; each whole warrant is exercisable at a price of \$0.34 for a period of two years. In connection with the private placement, the Company paid a cash commission of \$340,875 and issued 1,363,500 broker warrants exercisable at a price of \$0.25 for a period of two years.

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12. Subsequent events (continued):

Civil claim

Subsequent to April 30, 2024, the Company filed a Notice of Civil Claim in the Supreme Court of British Columbia against the optionors of the Vuelcos del Destino property in Mexico seeking damages, costs, and other relief. The claim is based on the Company's belief that it was in compliance with the terms of the agreement. The Company determined that due to the uncertainty of the standing of the option agreement, the property is impaired, and elected to write off the related acquisition costs of \$1,411,039 as at April 30, 2024.

Option agreement

Subsequent to April 30, 2024, the Company entered into an agreement with Nevada Zinc Corporation ("Nevada Zinc") and Lone Mountain Zinc Ltd. ("Lone Mountain") to acquire a 25% interest in certain claims in Nevada, USA (the "Nevada Claims") and an option to acquire the remaining 75% interest in the Nevada Claims. As consideration for the 25% interest, the Company must pay US\$116,908 prior to July 26, 2024 (paid). The Company has been granted a 90-day period in which to exercise its option to acquire the remaining 75% interest; as consideration, once certain shareholder and regulatory approvals are obtained by Nevada Zinc, the Company must issue \$1,000,000 in common shares to Nevada Zinc based on the 10-day volume weighted average trading price and pay \$100,000 in cash. If shareholder approval is not obtained by Nevada Zinc, a termination fee of \$150,000 is payable to the Company. The Nevada Claims are subject to various NSR's ranging from 1-3%.