KOOTENAY SILVER INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended

December 31, 2023

and

December 31, 2022

(Expressed in Canadian dollars)

Management's Responsibility

To the Shareholders of Kootenay Silver Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of Kootenay Silver Inc. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Kootenay Silver Inc.'s external auditors.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 24, 2024

"James McDonald"
James McDonald
Chief Executive Officer

"Rajwant Kang"
Rajwant Kang
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of Kootenay Silver Inc.:

Opinion

We have audited the consolidated financial statements of Kootenay Silver Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has experienced operating losses and negative operating cash flows. As stated in Note 1, these events or 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 period. 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 matters described below to be the key audit matters to be communicated in our report.

Value Added Tax (VAT) Receivable

Key Audit Matter Description

We draw attention to Note 8 to the consolidated financial statements. As at December 31, 2023, the Company recognized a Mexican value-added tax receivable (IVA receivable) and recorded a provision. The Company makes a number of assumptions in assessing the recoverability of the IVA receivable which are subject to risk and uncertainty, including the timing and likelihood of success in appeals with Mexican authorities.

We considered this as a key audit matter given the significant judgment made by management in estimating the timing and likelihood of collecting the refund. This resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the audit evidence related to managements estimates.

Audit Response

We responded to this matter by performing procedures in relation to the classification and recoverability of the IVA receivable. Our audit work in relation to this included, but was not restricted to, the following:

- Reviewed management's assessment on recoverability of the IVA receivable in Mexico and critically assessed areas where there was significant management judgment, including accounting estimates that are subject to a high degree of estimation uncertainty. This included validating the refund status against the tax authorities' website, obtaining the Company's legal representative's assessment on recoverability, and evaluating the reasonableness of procedures in place to expedite the refund process;
- Performed a retrospective review of historical collection and performed recalculations for the estimated provision; and
- Reviewed the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Other Information

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, 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 International Financial Reporting 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 period 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 Abhishek Kapoor.

Vancouver, British Columbia

MNP LLP

April 24, 2024

Chartered Professional Accountants

Index

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION 4

CONSOLIDATED STATEMENTS OF LOSS 5

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS 6

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY 7

CONSOLIDATED STATEMENTS OF CASH FLOWS 8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 9

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KOOTENAY SILVER INC.
(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31, 2023		December 31, 2022
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**435,367**	$	2,947,564
Receivables and advances (Note 8)		**53,855**		1,295,215
Prepaid expenses		**295,075**		576,120
Marketable securities (Note 4)		**1,256,004**		3,267,537
		2,040,301		8,086,436
Non-current assets:				
Fixed assets (Note 5)		**916,648**		929,915
Exploration advances and deposits		**3,884**		3,884
Exploration and evaluation assets (Note 6)		**19,142,177**		13,489,863
Receivables (Note 8)		**1,435,320**		-
Total assets	**$**	**23,538,330**	$	22,510,098
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities (Note 10)	**$**	**438,566**	$	324,531
		438,566		324,531
Shareholders' equity:				
Share capital (Note 7)		**104,492,335**		102,455,061
Reserves (Note 7)		**50,827,629**		47,003,352
Accumulated other comprehensive loss		**3,703,990**		4,215,908
Deficit		**(135,924,190)**		(131,488,754)
Total shareholders' equity		**23,099,764**		22,185,567
Total liabilities and shareholders' equity	**$**	**23,538,330**	$	22,510,098

Nature of Operations and Going Concern (Note 1)
Commitments (Note 12)
Subsequent events (Note 16)

Approved on Behalf of the Board:

"Jon Morda"	*"James McDonald"*
Director	Director

\- See Accompanying Notes -

KOOTENAY SILVER INC.
(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS

	Year ended December 31,	
	2023	2022
General and administrative expenses		
Office and general (Note 10)	**$ 1,234,596**	$ 1,301,177
Professional fees	**620,481**	512,739
Management fees (Note 10)	**240,000**	260,000
Rent	**154,607**	138,285
Regulatory and filing fees	**144,679**	65,232
Depreciation (Note 5)	**20,349**	33,304
Option based compensation (Note 7)	**1,069,993**	7,680
Loss before exploration and other Items	**3,484,705**	2,318,417
Exploration and evaluation assets		
Mineral property investigation (Note 6)	**45,457**	91,133
Exploration Expenditures (Note 6)	**1,307,107**	307,682
Impairment of Exploration and Evaluation assets (Note 6)	**-**	74,558,448
	1,352,564	74,957,263
Other Items		
Gain on sale of Joint Venture interest	**-**	(1,757,762)
Gain on sale of fixed asset	**(3,282)**	-
Provision for IVA recoverability	**2,501**	2,141,337
Share of loss from associates	**-**	25,102
Foreign exchange (gain)/loss	**(228,689)**	283,527
Gain on sale of marketable securities	**(94,321)**	(11,780)
Finance income	**(78,042)**	(55,974)
	(401,833)	624,450
Loss for the year	**4,435,436**	77,900,130
Basic and diluted loss per share (Note 7)	**$ (0.10)**	$ (2.16)
Weighted average number of shares outstanding – basic and diluted (Note 7)	**44,116,653**	36,066,97

- see accompanying notes -

KOOTENAY SILVER INC.
(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31,	
	2023	2022
Loss for the year	**$ 4,435,436**	$ 77,900,130
Other comprehensive income:		
Fair value changes to marketable securities arising during the year (Note 4)	**705,334**	(255,737)
Foreign currency translation differences of foreign operations	**(193,416)**	(1,086,927)
Total other comprehensive loss (gain)	**511,918**	(1,342,664)
Comprehensive loss for the year	**$ 4,947,354**	$ 76,557,466

- see accompanying notes -

KOOTENAY SILVER INC.

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Consolidated Shares		Capital Stock		Reserves		Accumulated Other Comprehensive Income (Loss)		Deficit		Total Equity
Balance, December 31, 2021	32,068,494	$	101,892,682	$	37,267,042	$	2,873,244	$	(53,588,624)	$	88,444,344
Shares issued, net of issuance costs	9,461,933		524,469		9,717,140		-		-		10,241,609
Option based compensation	-		-		33,280		-		-		33,280
Exercise of share purchase options	17,000		37,910		(14,110)		-		-		23,800
Fair value changes to marketable securities arising during the year	-		-		-		255,737		-		255,737
Foreign currency translation differences of foreign operations	-		-		-		1,086,927		-		1,086,927
Loss for the year	-		-		-		-		(77,900,130)		(77,900,130)
Balance, December 31, 2022	**41,547,426**	**$**	**102,455,061**	**$**	**47,003,352**	**$**	**4,215,908**	**$**	**(131,488,754)**	**$**	**22,185,567**
Balance, December 31, 2022	41,547,426	$	102,455,061	$	47,003,352	$	4,215,908	$	(131,488,754)	$	22,185,567
Shares issued, net of issuance costs	3,772,500		1,530,787		1,788,470		-		-		3,319,257
Acquisition of mineral properties	447,104		506,487		-		-		-		506,487
Option based compensation	-		-		2,035,807		-		-		2,035,807
Fair value changes to marketable securities arising during the year	-		-		-		(705,334)		-		(705,334)
Foreign currency translation differences of foreign operations	-		-		-		193,416		-		193,416
Loss for the year	-		-		-		-		(4,435,436)		(4,435,436)
Balance, December 31, 2023	**45,767,030**	**$**	**104,492,335**	**$**	**50,827,629**	**$**	**3,703,990**	**$**	**(135,924,190)**	**$**	**23,099,764**

- see accompanying notes -

KOOTENAY SILVER INC.

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
		2023		2022
Cash flows from operating activities				
Loss for the year	$	**(4,435,436)**	$	(77,900,130)
Add items not involving cash:				
Option based compensation		**1,069,993**		33,280
Gain from marketable securities		**(94,321)**		(11,780)
Impairment of mineral properties		**-**		74,558,448
Gain on sale of JV Interest		**-**		(1,757,762)
Provision for IVA recoverability		**2,501**		2,141,337
Share of loss from associates		**-**		25,102
Gain on sale of fixed assets		**3,282**		-
Depreciation		**20,349**		33,304
		(3,433,632)		(2,878,201)
Changes in non-cash working capital balances:				
Receivable and advances		**(201,401)**		(895,247)
Prepaid expenses		**282,777**		(488,298)
Accounts payable and accrued liabilities		**169,409**		(25,524)
		(3,182,847)		(4,287,270)
Cash flows from financing activities				
Proceeds from private placement net of issuance costs		**3,319,258**		10,241,609
Exercise of options		**-**		23,800
		3,319,258		10,265,409
Cash flows from investing activities				
Investment in exploration and evaluation assets		**(4,284,689)**		(4,921,377)
Investment in equipment		**(3,225)**		(10,394)
Investment in associate		**-**		(311,667)
Proceeds from sale of marketable securities		**1,612,773**		61,780
		(2,675,141)		(5,181,658)
Effect of foreign exchange rate changes on cash		**26,533**		149,639
Net change in cash and cash equivalents during the year		**(2,512,197)**		946,120
Cash and cash equivalents, beginning of the year		**2,947,564**		2,001,444
Cash and cash equivalents, end of the year	$	**435,367**	$	2,947,564

Supplemental disclosure of cash and non-cash activities (Note 9)

- see accompanying notes -

1 Nature of Operations and Going Concern

Kootenay Silver Inc. and its wholly owned Mexican incorporated subsidiaries (the "Company") is a Canadian exploration stage company incorporated under the *Business Corporations Act* (British Columbia). The address of the Company's registered office is 910 - 810 West Pender St. Vancouver, British Columbia, Canada. The Company is currently listed on the TSX Venture Exchange ("TSX-V") under the symbol "KTN".

The Company is focused on acquiring and exploring mineral properties principally located in Mexico, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

The Company has predominately experienced operating losses and negative operating cash flows; operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. Management has estimated that the Company has sufficient financing to complete current work plans; however, future development will require additional financing in order to complete all anticipated exploration and other programs during the forthcoming year and thereafter. If funds are unavailable terms satisfactory to the Company, some or all planned activities may be cancelled or postponed. The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its projects in Mexico.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities would be necessary. Such adjustment may be material.

2 Basis of Presentation:

Statement of Compliance

These consolidated financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 24, 2024.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and its wholly owned subsidiary's, Northair Silver Corp. The functional currency of wholly owned subsidiaries of the Company, Minera JM S.A. de C.V., Grupo Northair de Mexico S.A. de C.V. and Kootenay Gold (US) Corp., is the US dollar and for Servicios de Exploraciones Sonora, S.A. de C.V., is the Mexican Peso.

Assets and liabilities of the subsidiaries with a functional currency in US dollars and Mexican pesos are translated at the period-end exchange rates, and the results of its operations are translated at average exchange rates for the period. The resulting translation adjustments are recorded in accumulated other comprehensive loss (income) in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss.

3 Material Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The material accounting policies adopted by the Company are as follows:

Basis of measurement

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Northair Silver Corp., which is incorporated in Canada, Minera JM S.A. de C.V., Servicios de Exploraciones Sonora, S.A. de C.V. and Grupo Northair de Mexico S.A. de C.V. all of which are incorporated in Mexico and Kootenay Gold (US) Corp., a company incorporated in the US. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated in full upon consolidation.

3 Material Accounting Policies *(continued)***:**

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and revenues and expenses for the year. By their nature, these estimates and judgments are subject to uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant. Actual results may differ from those estimates and judgements.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

(i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

(ii) Decommissioning liabilities

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation on an ongoing basis. Significant estimates and assumptions are made in determining the provision for site reclamation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided.

(iii) Share-based payments

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of the grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes model on the date of the grant based on certain assumptions. Those assumptions are described in Note 8 and include, among others, expected volatility, expected life of the options and number of options expected to vest. Where vesting conditions exist for share options, the Board reviews progress against those vesting conditions annually and reviews the estimated date of the financial close of project, which will impact the consolidated financial statements. In the event that milestone conditions are not met, it is anticipated that certain options will lapse.

(iv) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

3 Material Accounting Policies *(continued)***:**

(v) Receivables

Certain input tax credits in overseas subsidiaries have been recognized as a current receivable (Note 8). The input tax credits are initially measured at cost, based on the interpretation of the terms and conditions of the relevant tax law which allow for the recoverability of input taxes paid.

In assessing the recoverability of these input tax credits, the Company makes a number of assumptions which are subject to risk and uncertainty including the timing and likelihood of success in working through the required legal process in the relevant jurisdiction. The Company views these input tax credits as recoverable via a tax refund. Should management determine that, all or some of the input tax will not be recoverable via tax refund in the future, an impairment loss is recorded.

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to the:

(i) Going concern assumption

In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments, management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The key inputs used by the Company in this process include forecasted capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions.

(ii) Investment in associate

The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

(iii) Determination of functional currency

The determination of the Company's functional currency is a matter of judgment based on an assessment of the specific facts and circumstances relevant to determining the primary economic environment of each individual subsidiaries within the group. The Company reconsiders the functional currencies used when there is a change in events or conditions considered in determining the primary economic environment of each subsidiary.

3 Material Accounting Policies *(continued)***:**

Foreign currency transactions

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

At the end of each reporting period, the Company translates foreign currency transactions on each subsidiary as follows:

- Monetary items are translated at the closing rate in effect at the date of the statement of financial position;
- Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured;
- Income statement items are translated using the average exchange rate during the period (as this is considered a reasonable approximation to actual rates);
- All resulting foreign exchange gains or losses are recognized in statements of loss and comprehensive loss as foreign exchange gain and loss.

Cash and cash equivalents

Cash is comprised of cash in bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Mineral property interests

Mineral properties correspond to acquired interests in mining exploration claim tenures and concessions, which include the right to explore, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development costs according to the nature of the assets. The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits necessary to complete the development and future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title that are not in the public domain or the title registry office and/or may be affected by undetected defects.

3 Material Accounting Policies *(continued)***:**

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate. Depreciation is recognized using the declining balance method at the following annual rates:

Office furniture	20%
Computer equipment	30%
Exploration equipment	30%
Vehicles	30%

For leasehold improvements, the Company recognizes depreciation using the straight-line method over the term of the lease. In the year of acquisition, the rate is one-half of the above.

The Company does not record depreciation on land as it has an unlimited useful life.

At each statement of financial position date, the Company assesses whether there is any indication that any property, plant and equipment are impaired. An impairment is recognized if the recoverable amount, determined as the higher of an asset's fair value less cost of disposal and the discounted future cash flows generated from use and eventual disposal of an asset, is less than its carrying value. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

Decommissioning liabilities

The Company recognizes the present value of estimated costs of legal and constructive obligations for decommissioning liabilities in the year in which it is incurred or when there is a legal or constructive obligation. The fair value of asset retirement obligation is recorded as a liability and a corresponding increase in mineral properties. Changes in the liability for decommissioning liabilities due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the consolidated statements of loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Actual costs incurred upon settlement are charged against the decommissioning liabilities. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in the statements of loss in the year in which the settlement occurs. Estimated future site restoration costs for the Company's mineral property interests are considered not significant as at the year ended December 31, 2023 and 2022.

Marketable securities

Marketable securities are recorded at fair value by reference to published price quotations in an active market. Changes to the fair value of marketable securities are recorded in other comprehensive loss (income) in each reporting period. Realized gain or loss on the disposal of marketable securities is recognized in the statement of income or loss for each reporting period.

3 Material Accounting Policies *(continued)***:**

Impairment

i) Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company recognizes in the consolidated statements of loss, as an impairment gain or loss for the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

ii) Non-financial assets

The carrying amounts of mineral properties are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have / will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered, and exploration and evaluation activities will be discontinued; or
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the mineral properties' recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit 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. 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 level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

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 respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years 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, if no impairment loss had been recognized.

3 Material Accounting Policies *(continued)***:**

Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued as non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (or loss) attributable to the common shareholders of the Company divided by the weighted average number of common shares outstanding during the year. The diluted income per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

The calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value being allocated to shares.

Share-based payments

The grant date fair value of share-based payment awards granted to employees, officers, consultants and directors is recognized as a share-based payment expense, with a corresponding increase in reserves, over the period during which the employees, officers, directors and consultants who provide services similar to those of employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Comprehensive income (loss)

Other comprehensive income (loss) represents the change in net shareholders' equity for the year that arises from fair value changes to financial assets classified as FVOCI and foreign currency translation adjustments on foreign subsidiaries. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive loss which is presented as a separate category in shareholders' equity.

3 Material Accounting Policies *(continued)***:**

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income 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 using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. 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, 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows, and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ("FVTOCI"):

3 Material Accounting Policies *(continued)***:**

Financial instruments (continued)

- The financial asset is held within a business model who objective is achieved by both collection contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct iissuance costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Marketable securities	Fair value through other comprehensive income
Receivables (excluding IVA/GST)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of all operating segments' are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company manages its business on the basis of one reportable segment under two geographic regions, being Canada and Mexico.

Current and future accounting standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3 Material Accounting Policies *(continued)***:**

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

In January 2020, the International Accounting Standards Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The amendments have no material impact on the Company.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments became effective for annual periods on or after January 1, 2023, no material impact occurred due to these changes.

IAS 12 Income Taxes (Amendment)

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments became effective for annual periods on or after January 1, 2023, no material impact occurred due to these changes.

4 Marketable Securities

As at December 31, 2023, the fair value of marketable securities held was $1,256,004 (2022 – $3,267,537). A total of $712,224 (2022– $2,947,010) relate to investments in publicly traded companies which have issued to the Company common shares in consideration of various property earn-in option agreements. The remaining $543,780 (2022 – $320,527) is held in a private company which are not publicly traded and the carrying value is determined using the private company's last share price used for financing. During the year ended December 31, 2023, the Company recorded in other comprehensive loss, a loss of $705,334 (2022 – a gain of $255,737) for fair value adjustments to marketable securities. During the year ended December 31, 2023 the Company recorded from proceeds from sale of marketable securities $1,612,773 (2022 - $61,780) and a gain of $94,321 (2022 - $11,780).

(Expressed in Canadian dollars)

5 Fixed Assets:

	Vehicle	Office Equipment	Computer Equipment	Land	Total
Cost					
Balance December 31, 2021	$ 244,697	$ 67,252	$ 387,893	$ 803,304	$ 1,503,146
Addition	1,116	-	9,278	-	10,394
Effect of foreign exchange	(9,547)	-	45,550	-	36,003
Balance December 31, 2022	$ 236,266	$ 67,252	$ 442,721	$ 803,304	$ 1,549,543
Addition	-	-	3,225	-	3,225
Disposal	(17,979)				(17,979)
Effect of foreign exchange	(6,659)	-	6,666	-	7
Balance December 31, 2023	**$ 211,628**	**$ 67,252**	**$ 452,612**	**$ 803,304**	**$ 1,534,796**
Accumulated Depreciation					
Balance December 31, 2021	$ 200,633	$ 60,488	$ 319,154	$ -	$ 580,275
Depreciation for the year	12,820	2,007	18,477	-	33,304
Effect of foreign exchange	(4,178)	(654)	10,881	$ -	6,049
Balance December 31, 2022	$ 209,275	$ 61,841	$ 348,512	$ -	$ 619,628
Depreciation for the year	2,564	1,322	16,463	-	20,349
Disposal	(17,979)				(17,979)
Effect of foreign exchange	(8,796)	(240)	5,186	$ -	(3,850)
Balance December 31, 2023	**$ 185,064**	**$ 62,923**	**$ 370,161**	**$ -**	**$ 618,148**
Carrying value December 31, 2022	$ 26,991	$ 5,411	$ 94,209	$ 803,304	$ 929,915
Carrying value December 31, 2023	**$ 26,565**	**$ 4,329**	**$ 82,450**	**$ 803,304**	**$ 916,648**

(Expressed in Canadian dollars)

6 Exploration and evaluation assets:

	MEXICO						
	Promontorio	**La Cigarra**	**Columba**	**Copalito**	**Generative Anomalies**	**2023 Total**	2022 Total
	$	$	$	$	$	$	$
Acquisition Costs							
Balance, beginning	3,658,642	30,548,524	2,914,710	794,981	826,090	**38,742,947**	36,655,224
Incurred	-	-	1,741,551	-	58,293	**1,799,844**	624,971
Balance, ending	**3,658,642**	**30,548,524**	**4,656,261**	**794,981**	**884,383**	**40,542,791**	37,280,195
Exploration Expenditures							
Balance, beginning	32,687,917	6,480,154	9,859,162	3,185,955	7,762,184	**59,975,372**	56,333,059
Assaying and Lab	-	-	50,050	-	40	**50,090**	81,139
Camp Costs	-	-	309,427	-	-	**309,427**	1,394,234
Drafting	-	-	29,262	-	-	**29,262**	-
Drilling	-	-	666,056	-	-	**666,056**	1,186,298
Geological mapping	-	-	225,773	-	-	**225,773**	446,399
Maintenance	-	-	-	-	10,279	**10,279**	1,714,551
Miscellaneous	-	-	-	-	21,738	**21,738**	67,960
Geological Consulting and Prospecting	-	-	2,124,537	-	6,704	**2,131,241**	214,484
Incurred	**-**	**-**	**3,405,105**	**-**	**38,761**	**3,443,866**	5,105,065
Balance, ending	32,687,917	6,480,154	13,264,267	3,185,955	7,800,945	**63,419,238**	61,438,124
Total properties balance	**36,346,559**	**37,028,678**	**17,920,528**	**3,980,936**	**8,685,328**	**103,962,029**	98,718,319
Balance, beginning	**(36,346,559)**	**(37,028,678)**	**(763,260)**	**(3,980,936)**	**(7,109,023)**	**(85,228,456)**	(11,042,508)
Option payment received	-	-	-	-	-	**-**	-
Impaired or disposed	-	-	-	-	-	**-**	(74,558,448)
Cumulative change in foreign currency translation	-	-	374,223	-	34,381	**408,605**	372,500
Carrying value exploration and evaluation assets	**-**	**-**	**17,531,491**	**-**	**1,610,686**	**19,142,177**	13,489,863

6 Exploration and evaluation assets *(continued)***:**

Asset Impairment

For the year ending December 31, 2022, the Company determined that there were indicators of impairment in the carrying value of certain of its exploration and evaluation assets. In evaluating the carrying value of certain of its assets, the Company determined that those assets would not be allocated additional budgeted expenditures, as it was prioritizing its financial resources to advancing its most favourable assets. The Company reviewed the carrying value of those assets with reference to any cash-flow models or indicative third-party valuations. In the absence of quantifiable economic modelling or observable market data, it was determined that certain assets would be considered substantially impaired.

La Cigarra – Chihuahua State, Mexico

The Company acquired the La Cigarra project through the acquisition of Northair and its wholly owned Mexican subsidiary Grupo Northair.

The La Cigarra project is 100% owned by the Company with no underlying royalty on the resource. However certain concessions are subject to a 1% net smelter royalty under an agreement with DFX Exploration Ltd. (the "DFX Agreement"). Pursuant to the terms of the DFX Agreement, a royalty will be paid of $0.10 per silver equivalent ounce from production to a maximum of 185 million ounces from the Parral 2 concession.

On April 19, 2016, the Company purchased from Coeur Capital a 2.5% net smelter royalty ("NSR Acquisition") that it held on the La Cigarra project for total consideration of US$2,500,000 of which US$500,000 ($646,025) was paid in cash and US$2,000,000 was completed through the issuance of 9,629,091 common shares (valued at $2,648,000) of the Company. The NSR Acquisition and transaction costs have been recorded as La Cigarra acquisition costs. During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of $36,882,567 to the carrying value of La Cigarra. The Company maintains the project in good standing. The recognition of impairment was determined primarily due to a lack of financing and no significant exploration work was planned.

Promontorio – Sonora State, Mexico

The Company entered into an agreement on October 20, 2006 with Siete Campanas de Plata, S.A de C.V. ("Siete"), Exploration Canada De Oro, SA de CV ("ECO") and the Mexican Government Agency ("FIFOMI") to acquire an unencumbered 100% registered and beneficial interest in the Promontorio Concession, which includes the former producing Promontorio Mine Site. Upon completion of a bankable feasibility study or commencement of production, the Company must pay the remaining cash balance of US$210,000 to ECO.

A 1% net smelter royalty is payable to Siete on the core claims of Promontorio of which the Company can purchase 50% of this net smelter royalty at any time for US$500,000. The Company also has a right of first refusal to purchase the remaining 50% of this royalty. Additionally, a 2% net smelter royalty is payable to ECO on the core and surrounding claims. The Company may upon commencement of commercial production or sooner purchase 50% of this net smelter return for US$1,000,000. The Company also has a right of first refusal on the remaining 50% of this royalty. During the year ended December 31, 2022, the Company recorded an impairment expense for accounting purposes of $33,693,642 to the carrying value of Promontorio. The Company maintains the project in good standing. The recognition of impairment was determined primarily due to a lack of financing and no significant exploration work was planned.

6 Exploration and evaluation assets *(continued)***:**

Columba – Chihuahua State, Mexico

On November 12, 2018, the Company entered into an option agreement to acquire an undivided interest in the Columba project. Under the terms of the agreement, the Company must make total cash payments of US$3,290,000 within a four-year period with an initial payment of US$15,000 and first and second years payments
totalling US$75,000 and US$150,000 respectively. Payments totalling US$500,000 and US$150,000 were made during the year ended December 31, 2021 and 2020 respectively. During the year ended December 31, 2022, the Company paid a further US$1,245,000. During the year ended December 31, 2023, the Company paid the final payments totalling US$1,075,000, of which US$215,000 was settled by issuing 245,233 common shares. The Company having fulfilled its requirements under the option agreement during 2023, holds 100% of the Columba project. The Agreement includes a work commitment of US$250,000 by the first anniversary and US$750,000 by the second anniversary of the Agreement, which the Company has fulfilled early. Upon earn-in the vendors retain a 2% n.s.r. of which 1% can be purchased by the Company for US$750,000.

Copalito – Sinaloa, Mexico

On April 19, 2018, the Company entered into an option agreement to acquire an undivided interest in the Copalito concession. Under the terms of the agreement, the Company were to make total staged cash payments of US$985,000 within a four-year period with an initial payment of US$30,000 on signing. The Company made cumulative payments totalling US$595,000, with US$135,000 paid during the year ended December 31, 2022. A finders fee of 100,000 common shares with a fair market value of $15,500 and a cash payment of $10,000 were paid in connection with the option agreement. During the year ended December 31, 2022, the option agreement was terminated by the Company and an impairment expense of $3,980,936 was recorded.

Other Properties – Mexico

During year ended December 31, 2022, the Company sold its 35% interest in the Cervantes JV for 10 million common shares of Minerals Corp. with a fair value of $2.5 million and retained a 0.5% NSR on the Cervantes project. The Company recorded a gain on the sale of $1,757,762.The Company owned 100% interest in the various properties through staking.

On March 17, 2018, the Company entered into an option agreement with Capstone Mining Corp. (“Capstone”), whereby the Company granted Capstone the right to earn up to a 100% interest in the La Mina property. The terms of the agreement allow Capstone to earn an initial 60% interest by: spending an aggregate total of US$4 million in exploration expenditures over 4 years and paying an aggregate total of US$600,000 in staged payments to the Company on each anniversary to the Company. During the year ended December 31, 2021, the Company received US$100,000 from Capstone under the terms of the option agreement. During the year ended December 31, 2023, the option agreement was terminated by Capstone.

Property Investigation and Impairment

During the year ended December 31, 2023, the Company expended $45,457 (2022 - $91,133) related to other property investigation expense, $1,307,107 (2022 - $307,682) related to exploration expenditures and $nil (2022 - $74,558,448) in property impairment expenses, which is related to mineral properties located in Mexico. The Company reviews periodically for indicators of impairment in the carrying value of its mineral assets. During the year ended December 31, 2023, no impairment was recorded.

6 Exploration and evaluation assets *(continued):*

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

7 Share Capital and Reserves:

Authorized and share consolidation:

The authorized share capital is an unlimited number of common shares without par value. All issued shares, consisting of only common shares are fully paid. Effective November 14, 2023, a share consolidation of the Company's issued and outstanding common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. As a result, the Company's issued and outstanding warrants and stock options were also consolidated on a ten-to-one basis. All information relating to basic and diluted loss per share, issued and outstanding common shares, share purchase warrants, broker warrants, stock options, share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the share consolidation. There were 45,767,030 (2022 - 41,547,426) fully paid common shares on issue as at December 31, 2023.

Issued:

<u>Year ended December 31, 2023</u>

On May 15, 2023, an aggregate total of 447,104 common shares of the Company were issued in settlement of property acquisition payments related to the Columba property, with a fair value of $506,487, of which 245,233 common shares were issued with a fair value of $291,717, being settlement of US$215,000 option payment related to Columba and 201,871 common shares with a fair value of $214,770, being settlement of US$135,000 plus 16% VAT to resolve conflicting property interests.On May 24, 2023, the Company announced that it has closed its previously announced brokered private placement offering (the "Offering") for gross proceeds of approximately $2.14 million consisting of 2,139,000 units of the Company (the "Units"), at a price of $1.00 per Unit (the "Offering Price"), with a non-brokered portion of the offering ("Non-Brokered Portion") for gross proceeds of approximately $1.63 million consisting of 1,633,500 Units at the Offering Price, for aggregate gross proceeds to the Company of $3.77 million.

Each Unit is comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at an exercise price of $1.40 per Warrant Share for a period of 36 months from the closing of the Offering.

In connection with the Offering, the Agents received a cash fee of $128,340. In addition, the Company granted the agents 128,340 non-transferable compensation warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder thereof to purchase one Unit at an exercise price of $1.00 per Unit for a period of 36 months following the Closing of the Offering. In addition, the agents received an advisory fee of $22,140 and 66,000 advisory broker warrants on the same terms as the Compensation Warrants. The Company also paid aggregate cash finders' fees of $75,870 to six arm's length finders and non-transferable finder's warrants exercisable into 2,010 Units at an exercise price of $1.00 per Unit for a period of 36 months from the closing of the Offering.

7 Share Capital and Reserves *(continued):*

<u>Year ended December 31, 2022</u>

During the year ended December 31, 2022, 17,000 common shares were issued upon exercise of share options for gross proceeds of $23,800, the weighted average market price on date of exercise was $1.75. On March 9, 2022, the Company closed a brokered private placement offering (the "Offering") for gross proceeds of $4.78 million consisting of 2,988,100 units of the Company (the "Units") at a price of $1.60 per Unit (the "Offering Price"), with a non-brokered portion of the offering ("Non-Brokered Portion") for gross proceeds of approximately $1.47 million consisting of 918,150 Units at the Offering Price, for aggregate gross proceeds to the Company of $6.25 million.

Each Unit is comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at an exercise price of $2.20 per Warrant Share for a period of 36 months from the closing of the Offering.

The agent received a cash fee of $361,740. In addition, the Company granted the agent 226,087 non-transferable compensation warrants. Each compensation warrant entitles the holder thereof to purchase one Unit at an exercise price of $1.60 per Common Share for a period of 36 months following the Closing. The Company also paid aggregate cash finder's fees of $13,260 to two arm's length finders in connection with the Offering.

On November 8, 2022, the Company closed a brokered private placement offering (the "Offering") for gross proceeds of approximately $3.56 million consisting of 3,956,110 units of the Company (the "Units"), including the full exercise of the option granted to the Agents, at a price of $0.90 per Unit (the "Offering Price"), with a non-brokered portion of the offering ("Non-Brokered Portion") for gross proceeds of approximately $1.44 million consisting of 1,599,444 Units at the Offering Price, for aggregate gross proceeds to the Company of $5 million. Each Unit is comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at an exercise price of $1.35 per Warrant Share for a period of 36 months from the closing of the Offering.

In connection with the Offering, the agents received a cash fee of $251,230. In addition, the Company granted the agents 304,387 non-transferable compensation warrants. Each compensation warrant entitles the holder thereof to purchase one Unit at an exercise price of $0.90 per Unit for a period of 36 months following the Closing of the Offering. The Company also paid aggregate cash finders' fees of $22,858. To two arm's length finders in connection with the Offering and issued non-transferable finder's warrants exercisable into 21,696 common shares of the Company at an exercise price of $1.35 per common share for a period of 36 months from the closing of the Offering.

(Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

Options and Warrants:

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2021	7,062,950	$ 2.50	1,409,500	$ 2.70
Granted	9,992,280	1.70	-	-
Exercised	-	-	(17,000)	1.40
Expired	(2,605,000)	3.40	(669,500)	4.00
Outstanding, December 31, 2022	14,450,230	$ 1.80	723,000	$ 1.50
Granted	3,968,850	1.40	2,145,000	1.55
Outstanding, December 31, 2023	**18,419,080**	**$ 1.70**	**2,868,000**	**$ 1.50**

Warrants

As at December 31, 2023, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
4,457,951	2.00	March 5, 2024
3,906,250	2.20	March 8, 2025
226,087	1.60	March 8, 2025
5,555,555	1.40	November 7, 2025
304,387	0.90	November 7, 2025
3,772,500	1.40	May 23, 2026
196,350	1.00	May 23, 2026
18,419,080		

The weighted average remaining life of the outstanding warrants is 1.42 years (December 31, 2022 – 2.15 years). The fair value of warrants is estimated using the Black Scholes option-pricing model. Warrants are included in reserves until exercised, at which time they are transferred into share capital.

The following assumptions were used for the Black-Scholes valuation of warrants for the year ended December 31, 2023 and 2022:

	2023	2022
Risk-free interest rate	**4.22%**	2.21%-3.86%
Expected life of warrants	**36 months**	36 months
Fair value per warrant issued	**$0.40-$0.50**	$0.60-$1.00
Annualized volatility	**90%**	87-88%
Dividend rate	**0.00%**	0.00%

(Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

Options

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time.

During the year ended December 31, 2023, option-based compensation totalling $2,035,807 (2022 - $33,280) of which $965,814 (2022 - $18,224) was capitalized under mineral properties and $1,069,993 (2022 - $15,056) was expensed. As at December 31, 2023, 1,795,500 options (2022 – 723,000) with a weighted average exercise price of $1.50 per option (2022 - $1.50) were fully vested and exercisable.

On January 13, 2023, the Company granted stock options to officers, directors, employees, and consultants, who provide services similar to those employees, to purchase up to an aggregate of 2,145,000 common shares of Kootenay at an exercise price of $1.55 per common share for a period of five years, the stock options will vest in increments with 25% vesting on grant date and the balance equally on the 6th, 12th and 18th month anniversary of the grant.

As at December 31, 2023, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

	Number of Options	Exercise Price	Expiry Date
	658,000	1.40	June 26, 2024
	65,000	2.70	July 06, 2026
	2,145,000	1.55	January 12, 2028
	2,868,000		

The weighted average remaining life of the options is 3.2 years (2022 – 1.7 years). For stock options granted to employees, officers, directors and consultants, share based payment expense is measured at fair value and recognized over the vesting period from the date of grant. The fair value of stock options granted during the year ended December 31, 2023 was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2023
Risk-free interest rate	**3.74%**
Expected life of options	**5 years**
Fair value per option granted	**$1.05**
Annualized volatility	**82.9%**
Dividend rate	**0.00%**

(Expressed in Canadian dollars)

7 Share Capital and Reserves *(continued):*

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

Loss per share

The calculation of basic loss per share for the year ended December 31, 2023 was based on the loss of $4,435,436 (2022 - $77,900,130) and the weighted average number of common shares outstanding of 44,116,653 (2022 – 36,066,975), respectively. The Company does not have any instruments that would give rise to a dilution effect as of December 31, 2023 and 2022. As at December 31, 2023, the Company has 2,868,000 options (2022 – 723,000) and 18,419,080 warrants (2022 – 14,450,230) that are anti-dilutive and thus, not included in diluted loss per share.

8 Receivables and advances:

The Company's receivables are as follows:

		December 31, 2023		December 31, 2022
Net IVA/GST receivable	**$**	**1,435,320**	$	997,049
Other receivable		**53,855**		298,166
Total	**$**	**1,489,175**	$	1,295,215

The Company recorded a provision for uncollectible IVA during the year ended December 31, 2023 of $28,066 (2022 – 2,141,337). Efforts for collection are ongoing. During the year ended December 2023 the Company has collected $25,565. During the year ended December 31, 2023, the Company disclosed $1,435,320 (2022 - $Nil) of IVA & GST receivable as non-current assets based on the expected timing of realization.

9 Supplemental Disclosure of Cash and Non-Cash Activities:

The following transactions incurred during the year did not include cash:

		2023		2022
Option based compensation capitalized in mineral property (Note 7)	**$**	**965,814**	$	18,224
Common shares issued for mineral property payments (Note 7)		**506,487**		-
Common shares received on sale of Cervantes joint venture		**-**		2,500,000
Mineral property costs included in accounts payable	**$**	**31,673**	$	76,965

10 Related Party Transactions and Balances:

Except as disclosed elsewhere in these consolidated financial statements the following related party transactions were incurred in the normal course of business and were measured at the exchange amount.

Key management renumeration:

Key management personnel comprise the Company's Board of Directors and executive officers.

(Expressed in Canadian dollars)

10 Related Party Transactions and Balances (*continued):*

		2023		2022
Management fees charged by companies controlled by a director and/or officers (a)	**$**	**610,544**	$	460,000
Director fees (b)		**82,500**		85,500
Consulting, administrative and geological fees charged by a company with common officers		**-**		40,000
	$	**693,044**	$	585,500

a) The Company has entered into a consulting agreement dated January 1, 2008 with Makwa Exploration Ltd. ("Makwa") for the services of James McDonald to act as the Company's President and CEO. The base monthly fee for Makwa was amended to $20,833. For the year ended December 31, 2023 the Company incurred $190,000 (2022 - $190,000) for compensation to the Company's CFO and $170,500 (2022 - Nil) for the compensation to the Company's VP of Exploration, appointed in December 2022. Management fees of $370,544 (2022 - $200,000) have been recorded under Exploration and evaluation assets.

b) For the year ended December 31, 2023, the Company incurred $82,500 (2022 - $85,500) for compensation to directors. As at December 31, 2023, $20,000 (2022 - Nil) was held in accrued liabilities as owing to directors for compensation

c) Effective September 1, 2008, the Company entered into an administrative and geological services agreement with a private company indirectly related to two common directors, which provides services to the Company including assisting in professional analysis, geological personnel, planning of exploration programs, promotional materials; providing access to financial and secretarial services and providing such other additional instructions and directions as the Company may require. For the year ended December 31, 2023, the Company incurred expenses $Nil (2022 - $40,000) under the administrative services contract.

In addition to the above:

d) For the year ended December 31, 2023, the Company recorded $1,167,316 (2022 - $Nil) for stock-based compensation to officers and directors, related to the grant of stock purchase options, of which $ 438,963 was recorded under Exploration and evaluation assets.
Related balances are non-interest bearing with no specific terms of repayment and are unsecured.

11 Segmented Information:

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's current assets, non-current assets, current liabilities, and mineral properties and non-current liabilities by geographic location are as follows:

(Expressed in Canadian dollars)

11 Segmented Information *(continued)*:

	December 31, 2023	December 31, 2022
Canada:		
Current assets	**$ 2,580,889**	$ 7,217,100
Non-current assets	**14,219**	16,967
Current liabilities	**(385,867)**	(257,452)
	2,209,241	$ 6,976,615
Mexico:		
Current assets	**$ 894,732**	$ 869,336
Mineral properties	**19,142,177**	13,489,863
Non-current assets	**906,313**	916,832
Current liabilities	**(52,699)**	(67,079)
	$ 20,890,523	$ 15,208,952

12 Commitments:

The Company entered into various contracts for office and warehouse rent in Canada and Mexico. The following table summarizes the Company's total annual obligations under this agreement as at December 31, 2023:

Year	
2024	$ 74,000

The current office lease is expiring on August 31, 2024, new lease is to be negotiated.

13 Financial Instruments and Financial Risk Management:

The Company’s financial instruments include cash and cash equivalents, receivable and advances, marketable securities, accounts payable and accrued liabilities. The carrying values of these financial instruments are measured at amortized cost except for marketable securities, which are measured at fair value through other comprehensive income at each reporting period end.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company’s activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company’s exposure to each of the above risks and the Company’s objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board has implemented and monitors compliance with risk management policies.

13 Financial Instruments and Financial Risk Management (*continued):*

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions The Company's accounts receivable relates to receivables from exploration partners who are earning a right to the Company's property via earn-in option agreements. Accordingly, the Company views credit risk on cash and other receivables as minimal.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements.

The Company anticipates it will have adequate liquidity to fund its financial liabilities.

As at December 31, 2023, the Company's liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian dollar, the United States dollar and the Mexican Peso. The Company's transactions are denominated in Canadian dollars, United States dollars and the Mexican Peso. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

(Expressed in Canadian dollars)

13 Financial Instruments and Financial Risk Management (*continued):*

The balances denominated in foreign currency are as follows:

	December 31, 2023	December 31, 2022
	US$	US$
Cash and cash equivalents	**25,270**	49,999
Trade accounts payable and accrued liabilities	**19,668**	16,453
	Mexican Peso	Mexican Peso
Cash and cash equivalents	**316,866**	5,164,829
Receivables and advances	**109,637**	73,284
Trade accounts payable and accrued liabilities	**876,770**	933,226

The Company has completed a sensitivity analysis to estimate the impact of the change in the foreign exchange rates on net loss for the period. The result of the sensitivity analysis shows a change in +/- 10% in the US Dollar and Mexican Peso exchange rate could have a collective impact of approximately +/- $2,779. This result arises primarily because the Company has Mexican Peso denominated cash accounts, accounts receivable and short term liabilities. The actual results of a change in foreign exchange rates would depend on the foreign currency denominated assets and liabilities at the time and could cause the impact on the Company's results to differ from above.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's consolidated financial statements.

d) Fair value of financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

(Expressed in Canadian dollars)

13 Financial Instruments and Financial Risk Management *(continued)*:

December 31, 2023		**Level 1**		**Level 2**		**Level 3**		**Total**
Marketable securities	$	712,224	$	-	$	543,780	$	1,256,004
December 31, 2022		Level 1		Level 2		Level 3		Total
Marketable securities	$	2,947,010	$	-	$	320,527	$	3,267,537

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).

There has been no change between levels during the period. The Company's carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

14 Capital Management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company's capital structure includes working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees enter into joint venture arrangements or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing, Schedule 1 bank accounts and highly liquid short-term interest-bearing investments, with maturities of one year or less which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2023.

15 Income Taxes:

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2023 and 2022. The income tax differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The difference between the "expected" income tax expense and the actual income tax provision is summarized as follows:

(Expressed in Canadian dollars)

15 Income Taxes (*continued):*

	2023	2022
Loss before income taxes	**$ (4,435,436)**	$ (77,900,130)
Canadian statutory income tax rate	**27.0%**	27.0%
Expected income taxes (recovery)	**(1,197,568)**	(21,033,035)
Change in estimate	**11,682,574**	37,752
Non-deductible items and other	**558,942**	14,534
Functional currency adjustment	**123,739**	-
Tax effect of loss on marketable securities	**(12,733)**	11,481
Non-taxable portion of capital gain	**-**	(238,888)
Foreign tax rate difference	**(26,579)**	(2,324,226)
Share issuance costs	**(171,257)**	(408,921)
Change in deferred tax assets not recognized	**(10,957,118)**	23,941,303
Total income taxes expense (recovery)	**$ -**	$ -

	2023	2022
Non-capital loss carryforwards (Canada)	**$ 35,460,474**	$ 32,520,860
Net capital loss carryforwards (Canada)	**455,586**	455,586
Tax loss carryforwards (Mexico)	**13,210,068**	12,762,862
Property and equipment (Canada)	**279,421**	276,673
Property and equipment (Mexico)	**203,625**	231,495
Mineral properties (Mexico)	**38,329,537**	77,521,217
Marketable securities - OCI (Canada)	**136,878**	-
Financing costs (Canada)	**1,577,542**	1,651,864
Unrecognized deductible temporary differences	**$ 89,653,131**	$ 125,420,557

Deferred tax assets have not been recognized at this stage of the Company's development, as it is not determinable that future profit will be available against which the Company can utilize such deferred income tax assets.

(Expressed in Canadian dollars)

15 Income Taxes (*continued*):

The Company has Canadian non-capital loss carryforwards which expire as follows:

Expiration	Total
2026	$ 270,848
2027	630,148
2028	1,176,346
2029	2,124,656
2030	2,320,591
2031	2,403,406
2032	2,409,531
2033	2,158,414
2034	1,882,317
2035	2,157,332
2036	3,021,160
2037	2,021,113
2038	2,082,507
2039	2,105,866
2040	2,181,385
2041	1,897,778
2042	1,848,157
2043	2,768,920
Total	$ 35,460,475

The Company has Mexican non-capital loss carryforwards which expire as follows:

Expiration	Total
2024	$ 235,093
2025	7,349,071
2026	1,117,321
2027	246,727
2028	211,754
2029	626,232
2030	90,619
2031	-
2032	2,886,045
2033	447,206
Total	$ 13,210,068

16 Subsequent Events:

On February 22, 2024, the Company announced that it has closed the second and final tranche of its previously announced (see news releases dated February 1, 5 and 16, 2024) non-brokered private placement (the "Offering") of units of the Company (the "Units"), at a price of $0.75 per Unit (the "Offering Price") the Company received total aggregate gross proceeds of $3,720,587 from the Offering.

Each Unit is comprised of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at a price of $1.10 per Warrant Share for a period of 24. months from closing. An aggregate total of 4,960,782 Common Shares and 2,480,391 Warrants were issued under the Offering.

The net proceeds from the Offering will be used for exploration activities, property commitments on the Company's projects, working capital and general corporate purposes.

On March 5, 2024, 4,457,951 share purchase warrants with an exercise price of $2.00 per share purchase warrant expired unexercised.

On April 8, 2024 the Company announced a public offering (the “Shelf Offering”) for gross proceeds of up to C$5.0 million, which was subsequently upsized to C$9.0 million, that would consist of a sale of up to 8,035,714 units of the Company (each, a “Shelf Unit”) at a price of C$1.12 per Unit (the “Shelf Offering Price”). The Shelf Offering would be conducted by lead agent and sole bookrunner Red Cloud Securities on behalf of a syndicate of agents that would include Research Capital Corporation (together, the “Shelf Agents”).

Each Shelf Unit will consist of one common share of the Company and one-half Common Share purchase warrant (each whole warrant, a “Shelf Warrant”). Each whole Shelf Warrant entitles the holder to purchase one Common Share of the Company at a price of C$1.68 at any time before the date that is 24 months after the closing date of the Shelf Offering. The Company granted to the Shelf Agents an option, exercisable, in whole or in part, for a period of up to 30 days after and including the closing date of the Shelf Offering, to sell the number of additional Shelf Units equal to up to 15% of the number of Shelf Units sold pursuant to the Shelf Offering at the Shelf Offering Price to cover over allotments, if any. The Shelf Offering is expected to close on or about April 25, 2024 (the “Closing Date”) and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the final approval of the TSX Venture Exchange. The net proceeds will be deployed for the advancement of the Company’s Columba Silver Project.

The Shelf Units will be sold by way of a prospectus supplement dated April 17, 2024 filed in all of the provinces of Canada to supplement the short form base shelf prospectus of the Company dated March 27, 2024.

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