KOOTENAY SILVER INC.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For the three and nine months ended**

**September 30, 2024**

**and**

**September 30, 2023**

**(Unaudited)**

**(Expressed in Canadian dollars)**

# Index

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

| | | **September 30, 2024 Unaudited** | | December 31, 2023 Audited |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents | **$** | **7,273,833** | $ | 435,367 |
| Receivables and advances (Note 8) | | **64,803** | | 53,855 |
| Prepaid expenses | | **269,691** | | 295,075 |
| Marketable securities (Note 4) | | **711,074** | | 1,256,004 |
| | | **8,319,401** | | 2,040,301 |
| **Non-current assets:** | | | | |
| Fixed assets (Note 5) | | **980,204** | | 916,648 |
| Exploration advances and deposits | | **3,884** | | 3,884 |
| Exploration and evaluation assets (Note 6) | | **23,956,821** | | 19,142,177 |
| Receivables (Note 8) | | **1,428,881** | | 1,435,320 |
| Right of use asset (Note 15) | | **111,092** | | - |
| **Total assets** | **$** | **34,800,283** | $ | 23,538,330 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable and accrued liabilities (Note 10) | **$** | **182,991** | $ | 438,566 |
| Lease liability (Note 15) | | **25,119** | | - |
| **Total current liabilities** | | **208,110** | | 438,566 |
| Lease liability (Note 15) | | **89,950** | | - |
| **Total liabilities** | | **298,060** | | 438,566 |
| **Shareholders' equity:** | | | | |
| Share capital (Note 7) | | **114,637,954** | | 104,492,335 |
| Reserves (Note 7) | | **55,660,746** | | 50,827,629 |
| Accumulated other comprehensive income | | **3,397,107** | | 3,703,990 |
| Deficit | | **(139,193,584)** | | (135,924,190) |
| **Total shareholders' equity** | | **34,502,223** | | 23,099,764 |
| **Total liabilities and shareholders' equity** | **$** | **34,800,283** | $ | 23,538,330 |

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

Approved on Behalf of the Board:

*"Jon Morda"*
Director

*"James McDonald"*
Director

- See Accompanying Notes -

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **General and administrative expenses** | | | | |
| Office and general (Note 10) | **$ 432,882** | $ 303,806 | **$ 993,134** | $ 961,026 |
| Professional fees | **128,548** | 104,862 | **520,012** | 393,848 |
| Management fees (Note 10) | **60,000** | 60,000 | **180,000** | 180,000 |
| Rent and occupancy costs | **39,560** | 45,856 | **103,496** | 118,166 |
| Regulatory and filing fees | **3,507** | 7,365 | **98,482** | 103,940 |
| Depreciation (Note 5) | **6,377** | 4,797 | **15,498** | 15,800 |
| Option based compensation (Note 7) | **212,360** | 143,203 | **895,708** | 946,542 |
| Loss before exploration and other Items | **883,234** | 669,889 | **2,806,330** | 2,719,322 |
| **Exploration and evaluation** | | | | |
| Exploration expenditures | **234,256** | 682,699 | **678,187** | 1,179,181 |
| Mineral property investigation (Note 6) | **1,440** | 1,124 | **6,735** | 3,257 |
| | **235,696** | 683,823 | **684,922** | 1,182,438 |
| **Other Items** | | | | |
| Foreign exchange loss | **41,404** | 30,147 | **121,822** | 10,497 |
| Gain on sale of fixed asset | - | (3,262) | - | (3,262) |
| Gain on sale of marketable securities | **(532)** | 3,375 | **(24,785)** | (156,053) |
| Finance income | **(135,143)** | (27,549) | **(280,463)** | (60,652) |
| IVA recovered | **(26,512)** | - | **(38,432)** | (22,723) |
| | **(120,783)** | 2,711 | **(221,858)** | (232,193) |
| **Loss for the period** | **998,147** | 1,356,423 | **3,269,394** | 3,669,567 |
| **Basic and diluted loss per share** (Note 7) | **$ (0.02)** | $ (0.03) | **$ (0.06)** | $ (0.08) |
| **Weighted average number of shares outstanding – basic and diluted** (Note 7) | **60,009,075** | 45,767,030 | **55,228,939** | 43,560,354 |

- see accompanying notes -

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Loss for the period** | **$ 998,147** | $ 1,356,423 | **$ 3,269,394** | $ 3,669,567 |
| Other comprehensive loss | | | | |
| Fair value changes to marketable securities arising during the period (Note 4) | **(176,260)** | 387,858 | **(174,369)** | 572,701 |
| Foreign currency translation differences of foreign operations | **310,781** | (15,955) | **481,252** | (357,243) |
| Total other comprehensive loss | **134,521** | 371,903 | **306,883** | 215,458 |
| **Comprehensive loss for the period** | **$ 1,132,668** | $ 1,728,326 | **$ 3,576,277** | $ 3,885,025 |

- see accompanying notes -

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars except share amounts)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| | Number of Consolidated Shares | Capital Stock | Reserves | Accumulated Other Comprehensive Income (Loss) | Deficit | Total Equity |
|---|---|---|---|---|---|---|
| **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 | 4,219,604 | 2,037,274 | 1,788,470 | - | - | 3,825,744 |
| Option based compensation | - | - | 1,800,949 | - | - | 1,800,949 |
| Fair value changes to marketable securities arising during the period | - | - | - | (572,701) | - | (572,701) |
| Foreign currency translation differences of foreign operations | - | - | - | 357,243 | - | 357,243 |
| Loss for the period | - | - | - | - | (3,669,567) | (3,669,567) |
| **Balance, September 30, 2023** | **45,767,030** | **$ 104,492,335** | **$ 50,592,771** | **$ 4,000,450** | **$ (135,158,321)** | **$ 23,927,235** |
| | | | | | | |
| **Balance, December 31, 2023** | 45,767,030 | $ 104,492,335 | $ 50,827,629 | $ 3,703,990 | $ (135,924,190) | $ 23,099,764 |
| Shares issued, net of issuance costs | 14,644,853 | 10,017,331 | 3,441,103 | - | - | 13,458,434 |
| Option based compensation | | - | 1,446,052 | - | - | 1,446,052 |
| Exercise of share purchase options | 82,500 | 128,288 | (54,038) | | | 74,250 |
| Fair value changes to marketable securities arising during the period | - | - | - | 174,369 | - | 174,369 |
| Foreign currency translation differences of foreign operations | - | - | - | (481,252) | - | (481,252) |
| Loss for the period | - | - | - | - | (3,269,394) | (3,269,394) |
| **Balance, September 30, 2024** | **60,494,383** | **$ 114,637,954** | **$ 55,660,746** | **$ 3,397,107** | **$ (139,193,584)** | **$ 34,502,223** |

- see accompanying notes -

# KOOTENAY SILVER INC.

(Unaudited - Expressed in Canadian dollars)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Cash flows from operating activities** | | | | |
| Loss for the period | **$ (998,147)** | $ (1,356,423) | **$ (3,269,394)** | $ (3,669,567) |
| Add items not involving cash: | | | | |
| Option based compensation | **212,360** | 143,203 | **895,708** | 946,542 |
| Loss (gain) from marketable securities | **(532)** | 3,375 | **(24,785)** | (156,053) |
| Accretion of lease liability | **802** | - | **802** | - |
| Depreciation fixed and ROU assets (Note 5,15) | **9,551** | 4,797 | **18,672** | 15,800 |
| | **(775,966)** | (1,205,048) | **(2,378,997)** | (2,863,278) |
| Changes in non-cash working capital balances: | | | | |
| Receivable and advances | **17,583** | (31,473) | **(125,301)** | (141,229) |
| Prepaid expenses | **94,543** | 33,637 | **22,996** | 99,620 |
| Accounts payable and accrued liabilities | **(7,558)** | 51,341 | **(290,538)** | (108,639) |
| | **(671,398)** | (1,151,543) | **(2,771,840)** | (3,013,526) |
| **Cash flows from financing activities** | | | | |
| Net Proceeds from private placement and ATM, net of issuance costs (Note 7) | **533,723** | (29,353) | **13,458,433** | 3,319,258 |
| Exercise of options | **74,250** | - | **74,250** | - |
| | **607,973** | (29,353) | **13,532,683** | 3,319,258 |
| **Cash flows from investing activities** | | | | |
| Investment in exploration and evaluation assets | **(2,143,089)** | (209,116) | **(4,276,094)** | (2,651,330) |
| Investment in equipment | **(42,469)** | (3,205) | **(71,239)** | (3,205) |
| Proceeds from sale of marketable securities | **6,212** | 15,000 | **395,345** | 1,177,599 |
| | **(2,179,346)** | (197,321) | **(3,951,988)** | (1,476,936) |
| **Effect of foreign exchange rate changes on cash** | **20,469** | (125,194) | **29,611** | (64,680) |
| **Net change in cash and cash equivalents during the period** | **(2,222,302)** | (1,503,411) | **6,838,466** | (1,235,884) |
| **Cash and cash equivalents, beginning of the period** | **9,496,135** | 3,215,091 | **435,367** | 2,947,564 |
| **Cash and cash equivalents, end of the period** | **$ 7,273,833** | $ 1,711,680 | $ **7,273,833** | $ 1,711,680 |

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

- see accompanying notes -

(Unaudited - Expressed in Canadian dollars except share amounts)

## 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements, then adjustments to the carrying values of assets and liabilities would be necessary. Such adjustment may be material.

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Losses | **$ 3,269,394** | $ 4,435,436 |
| Working capital | **$ 8,111,291** | 1,601,735 |

## 2 Basis of Presentation:

### Statement of Compliance

These condensed consolidated interim 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 condensed consolidated interim financial statements are for the three and six months ended June 30, 2024 and have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). They do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023. The policies applied in these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee of the Company as authorized by the Board of Directors on November 28, 2024.

### Functional and presentation currency

These condensed consolidated interim 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 material accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2023, except if noted below. These consolidated interim statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023.

### Restricted Share Units and Deferred Share Units

The estimated fair value of restricted share units (“RSUs”) and deferred share units (“DSUs”) (collectively “SUs”) is the market price on the date that the SUs are granted. Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). The value of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted on the date of grant when valuing SUs.

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

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is recorded in reserves.

### Leases

Upon lease the date on which a lessor makes an underlying asset available for use by a lessee, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

## 4 Marketable Securities

As at September 30, 2024, the fair value of marketable securities held was $711,074 (2023 – $1,256,004) related to investments in publicly traded companies which have issued to the Company common shares in consideration of various property earn-in option agreements. During the nine months ended September 30, 2024, the Company recorded in other comprehensive loss, a loss of $174,369 (September 30, 2023 – a loss of $572,701) for fair value adjustments to marketable securities. During the nine months ended September 30, 2024, the Company recorded proceeds from sale of marketable securities of $395,345 (September 30, 2023 - $1,177,599) and a gain of $24,785 (September 30, 2023 – a gain of $156,053).

(Unaudited - Expressed in Canadian dollars except share amounts)

## 5 Fixed Assets:

| | Vehicle | Office Equipment | Computer Equipment | Land | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 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 |
| Addition | 42,789 | - | 28,450 | - | 71,239 |
| Disposal | - | - | (3,080) | - | (3,080) |
| Effect of foreign exchange | 2,541 | - | 5,318 | - | 7,859 |
| **Balance September 30, 2024** | **$ 256,958** | **$ 67,252** | **$ 483,300** | **$ 803,304** | **$ 1,610,814** |
| **Accumulated Depreciation** | | | | | |
| Balance December 31, 2022 | $ 209,275 | $ 61,841 | $ 348,512 | $ - | $ 619,628 |
| Depreciation for the period | 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 |
| Depreciation for the period | 3,728 | 728 | 11,042 | - | 15,498 |
| Disposal | - | - | (1,463) | - | (1,463) |
| Effect of foreign exchange | (1,554) | (80) | 61 | - | (1,573) |
| Balance June 30, 2024 | **$ 187,238** | **$ 63,571** | **$ 379,801** | **$ -** | **$ 630,610** |
| Carrying value December 31, 2023 | $ 26,565 | $ 4,329 | $ 82,450 | $ 803,304 | $ 916,648 |
| **Carrying value September 30, 2024** | **$ 69,720** | **$ 3,680** | **$ 103,500** | **$ 803,304** | **$ 980,204** |

(Unaudited - Expressed in Canadian dollars except share amounts)

### 6 Exploration and evaluation assets:

| | MEXICO | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Promontorio** | **La Cigarra** | **Columba** | **Copalito** | **Generative Anomalies** | **2024 Total** | 2023 Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **Acquisition Costs** | | | | | | | |
| Balance, beginning | 3,658,642 | 30,548,524 | 4,656,261 | 794,981 | 884,383 | **40,542,791** | 38,742,947 |
| Incurred | - | - | 173,467 | - | 54,242 | **227,709** | 1,799,844 |
| Balance, ending | **3,658,642** | **30,548,524** | **4,829,728** | **794,981** | **938,625** | **40,770,500** | 40,542,791 |
| **Exploration Expenditures** | | | | | | | |
| Balance, beginning | 32,687,917 | 6,480,154 | 13,264,267 | 3,185,955 | 7,800,945 | **63,419,238** | 59,975,372 |
| Assaying and Lab | - | - | 31,697 | - | - | **31,697** | 50,090 |
| Camp Costs | - | - | 273,493 | - | - | **273,493** | 309,427 |
| Drafting | - | - | - | - | - | **-** | 29,262 |
| Drilling | - | - | 2,352,683 | - | - | **2,352,683** | 666,056 |
| Geological mapping | - | - | 2,222 | - | - | **2,222** | 225,773 |
| Maintenance | - | - | - | - | 15,424 | **15,424** | 10,279 |
| Miscellaneous | - | - | - | - | 12,361 | **12,361** | 21,738 |
| Geological Consulting and Prospecting | - | - | 1,893,969 | - | 5,086 | **1,899,055** | 2,131,241 |
| Incurred | **-** | **-** | **4,554,064** | **-** | **32,871** | **4,586,935** | 3,443,866 |
| Balance, ending | 32,687,917 | 6,480,154 | 17,818,331 | 3,185,955 | 7,833,816 | **68,006,173** | 63,419,238 |
| Total properties balance | **36,346,559** | **37,028,678** | **22,648,059** | **3,980,936** | **8,772,441** | **108,776,673** | 103,962,029 |
| Balance, beginning | **(2,652,917)** | **(146,111)** | **(389,037)** | **-** | **(7,073,339)** | **(10,261,404)** | (10,670,008) |
| Impaired or disposed | (33,693,642) | (36,882,567) | - | (3,980,936) | (1,303) | **(74,558,448)** | (74,558,448) |
| Cumulative change in foreign currency translation | - | - | - | - | - | **-** | 408,605 |
| Carrying value exploration and evaluation assets | **-** | **-** | **22,259,022** | **-** | **1,697,799** | **23,956,821** | 19,142,177 |

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

**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.

**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 included 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. Upon earn-in the vendors retain a 2% n.s.r. of which 1% can be purchased by the Company for US$750,000.

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

**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 nine months ended September 30, 2024, the Company expended $6,735 (2023 - $3,257) related to other property investigation expense and $678,187 (2023 - $1,179,181) related to exploration expenditures. The Company reviews periodically for indicators of impairment in the carrying value of its mineral assets. During the nine months ended September 30, 2024, no impairment was recorded.

**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 condensed consolidated interim financial statements have been adjusted retrospectively to reflect the share consolidation. There were 60,494,383 (2023 – 45,766,903) fully paid common shares on issue as at September 30, 2024.

**Issued:**

Nine months ended September 30, 2024

During the three months ended September 30, 2024, under the terms "at-the-market" equity distribution program (the "ATM Program") as announced on July 10, 2024, the Company issued 443,000 shares under the ATM program for gross proceeds of $547,409 and incurred cash shares issuance costs of $13,685 for net proceeds of $533,724.

On April 25, 2024, the Company closed a public offering (the "Shelf Offering") for gross proceeds of up to $10.35 million, which consisted of a sale of up to 9,241,071 units of the Company (each, a "Shelf Unit") at a price of $1.12 per Unit (the "Shelf Offering Price"). The Company recorded $591,000 in cash share issuance costs and $312,179 being the fair value of finders warrants issued, from the Shelf Offering Each Shelf Unit consisted 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 $1.68 at any time before April 25, 2026. The net proceeds raised under the Offering will be used for the advancement of the Company's Columba Silver Project in Mexico as well as for general working capital and corporate purposes.

On February 16, 2024, the Company closed a 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, with $200,255 in cash share issuance costs and $55,797 being the fair value of finders warrants issued, 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.

Year ended December 31, 2023

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

(Unaudited - Expressed in Canadian dollars except share amounts)

**7 Share Capital and Reserves** *(continued):*

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.

**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, 2022 | 14,450,230 | $ 2.50 | 723,000 | $ 1.50 |
| Granted | 3,968,850 | 1.70 | 2,145,000 | 1.55 |
| Outstanding, December 31, 2023 | 18,419,080 | $ 1.70 | 2,868,000 | $ 1.50 |
| Granted | 7,766,710 | 1.44 | 1,310,000 | 0.90 |
| Exercised | - | - | (82,500) | 0.90 |
| Expired / Forfeited | (4,457,951) | 2.00 | (658,000) | 1.40 |
| **Outstanding, September 30, 2024** | **21,727,839** | **$ 1.55** | **3,437,500** | **$ 1.30** |

**Warrants**

As at September 30, 2024, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

(Unaudited - Expressed in Canadian dollars except share amounts)

**7 Share Capital and Reserves** *(continued):*

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 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 |
| 2,480,391 | 1.10 | February 16, 2026 |
| 138,106 | 0.75 | February 16, 2026 |
| 4,620,535 | 1.68 | April 25, 2026 |
| 527,678 | 1.12 | April 25, 2026 |
| 3,772,500 | 1.40 | May 23, 2026 |
| 196,350 | 1.00 | May 23, 2026 |
| 21,727,839 | | |

The weighted average remaining life of the outstanding warrants is 1.22 years (December 31, 2023 – 1.42 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 period ended September 30, 2024 and for the year ended December 31, 2023:

| | **2024** | 2023 |
|---|---|---|
| Risk-free interest rate | **4.30%** | 4.22% |
| Expected life of warrants | **24 months** | 36 months |
| Fair value per warrant issued | **$0.34-$0.59** | $0.40-$0.50 |
| Annualized volatility | **102%** | 90% |
| Dividend rate | **0.00%** | 0.00% |

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 / Restricted and Deferred Share Units**

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 nine months ended September 30, 2024, option-based compensation totalling $1,446,052 (2023 - $1,800,949) of which $550,345 (2023 - $854,407) was capitalized under exploration and evaluation assets and $895,708 (2023 - $946,542) was expensed. As at September 30, 2024, 3,130,625 options (December 31, 2023 – 1,795,000) with a weighted average exercise price of $1.38 per option (December 31,2023 - $1.50) were fully vested and exercisable.

(Unaudited - Expressed in Canadian dollars except share amounts)

**7 Share Capital and Reserves** *(continued):*

On March 6, 2024, 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 1,310,000 common shares of Kootenay at an exercise price of $0.90 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 within 12 months of grant date. Additionally, the Company issued restricted and deferred share units totalling 905,000 common shares, which vest in 12 months of grant date.

As at September 30, 2024, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

| Number of Options | Exercise Price | Expiry Date |
|---|---|---|
| 65,000 | 2.70 | July 06, 2026 |
| 2,145,000 | 1.55 | January 12, 2028 |
| 1,227,500 | 0.90 | March 6, 2029 |
| 3,437,500 | | |

The weighted average remaining life of the options is 3.7 years (December 2023 – 3.2 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 period ended September 30, 2024 and year ended 2023 were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

| | **2024** | 2023 |
|---|---|---|
| Risk-free interest rate | **3.55%** | 3.74% |
| Expected life of options | **5 years** | 5 years |
| Fair value per option granted | **$0.90** | $1.05 |
| Annualized volatility | **93.0%** | 82.9% |
| Dividend rate | **0.00%** | 0.00% |

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 nine months ended September 30, 2024 was based on the loss of $3,269,394 (2023 - $3,669,567) and the weighted average number of common shares outstanding of 55,228,939 (2023 – 43,560,354), respectively. The Company does not have any instruments that would give rise to a dilution effect as of September 30, 2024 and 2023. As at September 30, 2024, the Company has 3,437,500 options (2023 – 2,668.000) and 21,727,839 warrants (2023 – 18,419,081) that are anti-dilutive and thus, not included in diluted loss per share.

(Unaudited - Expressed in Canadian dollars except share amounts)

## 8 Receivables and advances:

The Company's receivables are as follows:

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Net IVA/GST receivable | **$** | **1,428,881** | $ | 1,435,320 |
| Other receivable | | **64,803** | | 53,855 |
| Total | **$** | **1,493,684** | $ | 1,489,175 |

As at September 30, 2024, the Company held $1,428,881 (2023 - $1,435,320) 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 period did not include cash:

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Option based compensation capitalized in mineral property (Note 7) | **$** | **550,345** | $ | 965,814 |
| Mineral property costs included in accounts payable | **$** | **38,032** | $ | 31,673 |

During the three-month period ended September 30, 2024, the Company entered into a lease agreement with a term of 40 months, which includes a four-month rent-free period commencing on September 1, 2024. As a result, no cash payments have been made on the new lease during this period.

## 10 Related Party Transactions and Balances:

Except as disclosed elsewhere in these condensed consolidated interim 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.

| | | September 30, 2024 | | September 30, 2023 |
|---|---|---|---|---|
| Management fees charged by companies controlled by a director and/or officers (a) | **$** | **457,908** | $ | 457,908 |
| Director fees (b) | | **60,000** | | 62,500 |
| | **$** | **517,908** | $ | 520,408 |

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. Efffective January 1, 2017, the base monthly fee for Makwa was amended to $20,833.

b) For the nine months ended September 30, 2024, the Company incurred $60,000 (September 30, 2023 - $62,500) for compensation to directors. As at September 30, 2024, $20,000 (September 30, 2023 - $20,000) was held in accrued liabilities as owing to directors for compensation.

(Unaudited - Expressed in Canadian dollars except share amounts)

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

In addition to the above:

c) For the nine months ended September 30, 2024, the Company recorded $805,147 (2023 - $727,000) for non-cash stock-based compensation to officers and directors of the Company.

Related party 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:

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Canada: | | |
| Current assets | **$ 7,441,144** | $ 2,580,889 |
| Non-current assets | **813,355** | 14,219 |
| Current liabilities | **(167,779)** | (385,867) |
| Non-current liabilities | **(89,950)** | - |
| | **$ 7,996,770** | 2,209,241 |
| Mexico: | | |
| Current assets | **$ 878,257** | $ 894,732 |
| Mineral properties | **23,956,821** | 19,142,177 |
| Non-current assets | **1,710,706** | 906,313 |
| Current liabilities | **(40,331)** | (52,699) |
| | **$ 26,505,453** | $ 20,890,523 |

## 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 these agreements as at September 30, 2024:

| **Year** | |
|---|---|
| 2024 | $ 18,085 |
| 2025 | $ 64,903 |
| 2026 | $ 43,100 |
| 2027 | $ 43,100 |

## 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/loss 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 condensed consolidated interim 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.

(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 September 30, 2024, 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.

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

(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.

The balances denominated in foreign currency are as follows:

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| | **US$** | US$ |
| Cash and cash equivalents | **207,186** | 25,270 |
| Trade accounts payable and accrued liabilities | **26,453** | 19,668 |
| | **Mexican Peso** | Mexican Peso |
| Cash and cash equivalents | **962,126** | 316,866 |
| Receivables and advances | **298,832** | 109,637 |
| Trade accounts payable and accrued liabilities | **475,878** | 876,770 |

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 +/- $29,790. 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 condensed consolidated interim financial statements.

(Unaudited - Expressed in Canadian dollars except share amounts)

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

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:

| **September 30, 2024** | | **Level 1** | | **Level 2** | | **Level 3** | | **Total** |
|---|---|---|---|---|---|---|---|---|
| Marketable securities | $ | 711,074 | $ | - | $ | - | $ | 711,074 |
| December 31, 2023 | | Level 1 | | Level 2 | | Level 3 | | Total |
| Marketable securities | $ | 712,224 | $ | - | $ | 543,780 | $ | 1,256,004 |

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).

During the nine months ended September 30, 2024, marketable securities held in a previously private company commenced trading on the TSX-V therefore they are now categorized as level 1 from level 3. 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 nine months ended September 30, 2024.

(Unaudited - Expressed in Canadian dollars except share amounts)

## 15 Right of use asset and lease liability:

On September 01, 2024 the Company entered into office leases that resulted in right-of-use assets and lease liabilities. The balances are as follows:

Right-of-use assets:

| | |
|---|---|
| Balance, December 31, 2023 | $ - |
| Lease additions | 114,266 |
| Amortization | (3,174) |
| **Balance, September 31, 2024** | **$ 111,092** |

Lease liabilities:

| | |
|---|---|
| Balance, December 31, 2023 | $ - |
| Recognition of liability | 114,267 |
| Lease Accretion (note 9) | 802 |
| **Balance, September 31, 2024** | **$ 115,069** |
| Short term portion, lease liability | 25,119 |
| Long term portion, lease liability | $ 89,950 |

## 16 Subsequent Event:

During the month ended October 31, 2024, under the terms “at-the-market” equity distribution program (the “ATM Program”) the Company issued 557,000 shares for gross proceeds of $752,456 and incurred cash share issuance costs related to agents fees of $18,811 for net proceeds of $733,645.