CONSOLIDATED FINANCIAL STATEMENTS

CERRO DE PASCO RESOURCES

For the 15-month period ended
March 31, 2024, and the year ended
December 31, 2022

Management’s Responsibilities over Financial Reporting

The Financial Statements of Cerro de Pasco Resources Inc. (the "Corporation", “Company, or "CDPR") are the responsibility of the Corporation’s management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and reflect management’s best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cerro de Pasco Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Cerro de Pasco Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of comprehensive loss, changes in equity (deficiency), and cash flows for the period from January 1, 2023 to March 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $29,307,381 mainly due to care and maintenance in the Santander mine during the period ended March 31, 2024. As of that date, the Company has an accumulated deficit of $72,954,894, a working capital deficit of $54,995,440. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Cerro de Pasco Resources Inc. for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2023.

Key Audit Matters

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

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

Assessment of Impairment of Santander Exploration and Evaluation Assets ("E&E Assets") and Property, Plant and Equipment ("PP&E Assets")

As described in Notes 11 and 12 to the consolidated financial statements, the carrying amount of the Company's E&E Asset and related PP&E Assets (collectively the "Santander Mine") was $7,949,104 and $10,554,664 respectively as of March 31, 2024. As more fully described in Notes 3 and 5 to the consolidated financial statements, the Company determines whether an impairment indicator is identified, and if so, management tests for impairment. The Company determined there was an indicator of impairment, being the mine on care and maintenance.

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

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

- Evaluating management's assessment of impairment indicators.
- Obtaining, through government website, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.
- Evaluating the appropriateness of the discounted cash flow model ("DCF") on the cash generating unit related to the Santander Mine, including utilizing our internal valuation expert to assess appropriateness of the model and the discount rate applied.
- Utilizing and independent qualifying person to review the technical reports associated with the Santander Mine.
- Testing the completeness and accuracy of underlying data and significant assumptions of the DCF, including assessment of discount rate, and evaluating the consistency with external market and industry data for future commodity prices, recent actual mine production results, operating costs and capital expenditures, and reserve estimates.

Assessment of Impairment Indicators of Quiulacocha Tailings and Excelsior Stockpile (collectively "Mining Properties")

As described in Note 12 to the consolidated financial statements, the carrying amount of the Company's Mining Properties was $1,597,357 as of March 31, 2024. As more fully described in Notes 3 and 5 to the consolidated financial statements, management assesses Mining Properties for indicators of impairment at each reporting period.

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

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

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mining Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing agreements and vouching cash payments.
- Obtaining, through government websites, confirmation of title to ensure mineral rights underlying the Mining Properties are in good standing.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 Catherine Tai.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

August 12, 2024

CPA auditor, public accountancy permit no. T150950

Cerro de Pasco Resources Inc.

Consolidated Statements of Financial Position

(Expressed in US dollars unless otherwise noted)

	Note	March 31, 2024	December 31, 2022
		$	$
Assets			
Current assets:			
Cash	8	136,721	992,301
Cash and cash equivalents – restricted	8	6,479,134	4,462,271
Accounts receivable		778,321	5,660,345
Other financial assets		50,852	66,240
Other receivables	10	1,030,522	3,427,980
Income and mining taxes receivable		304,956	701,060
Inventories	9	1,866,670	2,547,917
Prepaid expenses		306,410	223,418
Total current assets		**10,953,586**	18,081,532
Non-current assets:			
Property, plant & equipment	11	10,554,664	9,085,578
Mining properties, exploration, and evaluation assets	12	9,546,461	8,710,668
Other receivables, net of current portion	10	6,355,303	-
Total non-current assets		**26,456,428**	17,796,246
Total assets		**37,410,014**	35,877,778
Liabilities and Equity (Deficiency)			
Current liabilities:			
Trade accounts payable and other liabilities	13	53,839,715	29,095,996
Promissory note	15	458,159	818,719
Balance of purchase price payable	25	1,680,726	1,674,194
Current portion of contingent consideration payable	25	2,500,000	2,493,844
Current portion of provision for remediation and mine closure	14	349,559	307,752
Current portion of loans	16	3,568,959	699,453
Convertible debenture	17	1,208,623	922,029
Provision for taxes payable		279,058	1,715,112
Commitment to issue shares	18	2,064,227	-
Total current liabilities		**65,949,026**	37,727,099
Non-current liabilities:			
Loans	16	28,749	-
Provision for remediation and mine closure	14	12,190,027	13,891,385
Deferred income tax	23	53,362	53,301
Total non-current liabilities		**12,272,138**	13,944,686
Total liabilities		**78,221,164**	51,671,785
(Deficiency) Equity:			
Share capital	18	27,020,881	23,663,537
Share subscription receivable	18	(349,894)	-
Warrants	18	1,718,039	1,198,470
Share options	19	691,624	1,492,827
Contributed surplus		2,310,974	762,546
Deficit		(72,954,894)	(43,609,287)
Accumulated other comprehensive income		752,120	742,050
Total shareholders' equity (deficiency) attributable to owners of the parent company		**(40,811,150)**	(15,749,857)
Non-controlling interests	7	-	(44,150)
Total shareholders' equity (deficiency)		**(40,811,150)**	(15,794,007)
Total liabilities and shareholders' equity (deficiency)		**37,410,014**	35,877,778

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

Going concern, see Note 2.
Contingency, see Note 28.
Subsequent events, see Note 29.
These financial statements were approved and authorized for issue by the Board of Directors on August 9, 2024.
On behalf of the board, Steven Zadka /s/, CEO, Director Guy Goulet /s/, Executive Chairman

Cerro de Pasco Resources Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in US dollars unless otherwise noted)

	Note	For the 15-month period ended March 31, 2024	For the year ended December 31, 2022
		$	$
Revenue from Zinc, Lead and Silver concentrate sales	22	18,724,532	40,591,297
Cost of sales		29,805,847	41,827,007
Gross Profit (loss)		**(11,081,315)**	(1,235,710)
Expenses:			
Selling expenses		698,108	1,006,458
Exploration and evaluation expenses		-	3,647,368
Care and maintenance		7,221,958	-
General and administrative expenses	20	6,581,708	7,326,919
Operating loss before other revenues (expenses) and income tax		**(25,583,089)**	(13,216,455)
Other revenues (expenses):			
Other and financial income		1,699,650	73,669
Financial expenses	20	(2,274,541)	(1,288,719)
Non-recoverable sales taxes		-	(146,216)
Change in fair value of other financial assets		(15,978)	(22,126)
Change in fair value of warrants and embedded derivative on convertible debenture		-	28,942
Gain on extinguishment of note	15	52,610	-
Gain (loss) on extinguishment of convertible debt	17	(161,411)	100,124
Loss on modification of note	15	(38,768)	-
Loss on modification of convertible debt	17	(44,976)	-
Gain on dissolution of subsidiaries	6	-	99,697
Change in fair value of contingent consideration	25	(6,101)	(1,308,495)
Exchange loss		(191,983)	(460,014)
Gain on sale of subsidiary	7	246,876	-
Other expenses	20	(2,790,018)	-
		(3,524,640))	(2,923,138)
Loss before income taxes		**(29,107,729)**	(16,139,593)
Income and mining taxes	23	(190,526)	(2,216,422)
Net loss		**(29,298,255)**	(18,356,015)
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Currency translation adjustment		18,196	506,007
Other comprehensive loss (income) net of tax		**18,196**	506,007
Net comprehensive loss		**(29,280,059)**	(17,850,008)
Net income (loss) from discontinued operations		(11,408)	(253,328)
Other comprehensive income(loss) from discontinued operations			
Currency Translation adjustment		399	10,557
Net comprehensive income (loss) from discontinued operations		(11,009)	(242,771)
Net comprehensive income (loss) - continuing operations and discontinued operations		**(29,291,068)**	(18,092,779)
Net loss attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		(29,307,381)	(18,558,677)
Non-controlling interests		(2,282)	(50,666)
		(29,309,663)	(18,609,343)
Other comprehensive income (loss) attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		18,196	514,452
Non-controlling interests		80	2,112
		18,276	516,564
Total comprehensive loss attributable to:			
Shareholders of Cerro de Pasco Resources Inc.		(29,289,185)	(18,044,225)
Non-controlling interests		(2,202)	(48,554)
		(29,291,387)	(18,092,779)
Basic and diluted weighted average number of common shares outstanding:		**317,567,681**	287,651,238
Basic and diluted loss per share for continuing operations:		**0.09**	0.06

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

Cerro de Pasco Resources Inc.

Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in US dollars unless otherwise noted)

	Note	Number of Shares Outstanding	Share Capital	Warrants	Share Options	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Share subscription receivable	Total Attributed to Owners	Non-Controlling Interests	Total Equity (Deficiency)
			$	$	$	$	$	$	$	$	$	$
Balance as of December 31, 2022		**287,890,934**	**23,663,537**	**1,198,470**	**1,492,827**	**762,546**	**(43,609,287)**	**742,050**	**-**	**(15,749,857)**	**(44,150)**	**(15,794,007)**
Shares and units issued:												
Private Placements	18	59,162,500	3,438,638	-	-	-	-	-	(349,894)	3,088,744	-	3,088,744
Consulting fees	18	760,000	55,683	-	-	-	-	-	-	55,683	-	55,683
Share Issuance Cost	18	-	(136,977)	-	-	-	-	-	-	(136,977)	-	(136,977)
Warrants granted as part of private placements	18	-	-	1,073,351	-	-	-	-	-	1,073,351	-	1,073,351
Warrants expired	18	-	-	(537,947)	-	537,947	-	-	-	-	-	-
Warrants forfeited as part of promissory note refinancing	18	-	-	(15,835)	-	15,835	-	-	-	-	-	-
Share options granted	19	-	-	-	193,443	-	-	-	-	193,443	-	193,443
Share options forfeited	19	-	-	-	(994,646)	994,646	-	-	-	-	-	-
Reclassification of non-controlling interest to retained earnings upon sale	7	-	-	-	-	-	(46,352)	-	-	(46,352)	46,352	-
Reclassification of AOCI to retained earnings upon sale of subsidiary	7	-	-	-	-	-	8,126	(8,126)	-	-	-	-
Transactions with owners		**59,922,500**	**3,357,344**	**519,569**	**(801,203)**	**1,548,428**	**(38,226)**	**(8,126)**	**(349,894)**	**4,227,892**	**46,352**	**4,274,244**
Net loss and comprehensive loss for the period		-	-	-	-	-	(29,307,381)	18,196	-	(29,289,185)	(2,202)	(29,291,387)
Balance as of March 31, 2024		**347,813,434**	**27,020,881**	**1,718,039**	**691,624**	**2,310,974**	**(72,954,894)**	**752,120**	**(349,894)**	**(40,811,150)**	**-**	**(40,811,150)**

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

Cerro de Pasco Resources Inc.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in US dollars unless otherwise noted)

	Note	Number of Shares Outstanding	Share Capital	Warrants	Share Options	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Attributed to Owners	Non-Controlling Interests	Total Equity (Deficiency)
			$	$	$	$	$	$	$	$	$
Balance as of December 31, 2021		**287,044,280**	**23,504,726**	**943,032**	**1,453,541**	**621,309**	**(25,050,610)**	**231,356**	**1,703,354**	**-**	**1,703,354**
Shares and units issued:											
Consulting fees	18	846,654	158,811	-	-	-	-	-	158,811	-	158,811
Warrants issued as part of a convertible debenture	18	-	-	109,143	-	-	-	-	109,143	-	109,143
Warrants issued as penalty interest on promissory note	18	-	-	76,621	-	-	-	-	76,621	-	76,621
Warrants issued as part of promissory note refinancing	18	-	-	95,010	-	-	-	-	95,010	-	95,010
Warrants expired	18	-	-	(25,336)	-	25,336	-	-	-	-	-
Share options granted	19	-	-	-	106,726	-	-	-	106,726	-	106,726
Share options forfeited	19	-	-	-	(67,440)	67,440	-	-	-	-	-
Reclassification of embedded derivative upon extinguishment of convertible debenture	17	-	-	-	-	48,461	-	-	48,461	-	48,461
Reclassification of accumulated other comprehensive income for dissolved entity	6	-	-	-	-	-	-	(3,758)	(3,758)	-	(3,758)
Non-controlling interests	6	-	-	-	-	-	-	-	-	4,404	4,404
Transactions with owners		**846,654**	**158,811**	**255,438**	**39,286**	**141,237**	**-**	**(3,758)**	**591,014**	**4,404**	**595,418**
Net income (loss) and comprehensive income (loss) for the year		-	-	-	-	-	(18,558,677)	514,452	(18,044,225)	(48,554)	(18,092,779)
Balance as of December 31, 2022		**287,890,934**	**23,663,537**	**1,198,470**	**1,492,827**	**762,546**	**(43,609,287)**	**742,050**	**(15,749,857)**	**(44,150)**	**(15,794,007)**

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

Cerro de Pasco Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in US dollars unless otherwise noted)

	Note	For the 15-month period ended March 31, 2024	For the year ended December 31, 2022
		$	$
Operating activities:			
Net loss		**(29,309,663)**	(18,609,343)
Adjustments for:			
Provision for taxes		(1,436,054)	1,715,112
Presumed interest on mine closure provision		250,097	-
Consulting fees paid through issuance of shares		55,683	158,812
Share-based compensation		193,443	106,726
Change in fair value of other financial assets		15,388	33,188
Change in fair value of warrants and embedded derivative on convertible debenture		-	(28,942)
Loss(gain) on extinguishment on convertible debt		161,462	(100,124)
Gain on extinguishment of debt		(52,626)	-
Loss on modification of debt		38,779	-
Loss on modification of convertible debt		44,989	-
Gain on sale of subsidiary		8,206	-
Change in fair value of contingent consideration payable		6,156	1,391,653
Gain on dissolution of subsidiaries		-	(97,596)
Effective interest on loan		-	1,942
Presumed interest on convertible debenture		339,156	304,279
Presumed interest and penalties paid on promissory note		219,890	343,988
Interest on subsidiary loans		235,317	-
Foreign exchange effect		109,472	-
Depreciation of other intangibles		-	14,988
Depreciation of property, plant, and equipment		2,275,982	1,887,505
Operating activities before changes in working capital items		(26,844,323)	(12,877,812)
Change in working capital items	24	21,384,569	12,391,188
Cash flows used in operating activities		**(5,459,754)**	(486,624)
Financing activities:			
Proceeds from shares issued		3,995,978	-
Proceeds received for shares to be issued		174,947	-
Repayment of convertible debenture		(74,100)	(230,880)
Repayment of promissory note		(463,272)	(246,272)
Proceeds from a loan		2,938,749	-
Repayment of loans		(1,005,428)	(1,238,687)
Share issuance costs		(136,977)	-
Transactions with minority interests in subsidiaries		-	4,404
Cash flows provided by (used in) financing activities		**5,429,897**	(1,711,435)
Investing activities:			
Acquisition of property, plant, and equipment		-	(5,002,312)
Reimbursement (acquisition) of exploration and evaluation assets		(221,522)	30,380
Investment in mining concessions and mining development		(614,270)	(2,089,495)
Cash flows provided by (used in) investing activities		**(835,792)**	(7,061,427)
Effect of exchange rate fluctuations on cash held in foreign currencies		**10,069**	270,008
Net change in cash		**(855,580)**	(9,259,486)
Cash, beginning of period		992,301	9,981,779
Cash, end of period		**136,721**	992,301
Non-cash transactions			
Interest allocated to trade accounts payable and other liabilities		178,573	-
Reclassification of prepaid expenses to accounts receivable		530,199	-
Warrants issued as part of private placements		1,073,351	95,010
Adjustments relating to change in estimated inputs for ARO		1,909,648	-
Proceeds to be received for shares to be issued		349,894	-
Expiration of warrants		537,947	25,336
Forfeiture of warrants as part of promissory note refinancing		15,835	-
Stock options forfeited		994,645	67,440
Fixed assets purchased through financing		676,650	-
Exploration and evaluation assets included in accounts payable		5,070,208	(92,142)

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

The Company paid interest expense of $219,773 (2022 - $69,989) and income tax expense of $599,073 (2022 - $171,283) in cash..

1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the “Company” or “Cerro de Pasco” or “CDPR”) is a natural resource company engaged in the acquisition, exploration, and development of mineral properties. The Company also produces zinc and lead-silver concentrates from the Santander mine in Peru.

Cerro de Pasco Resources Inc. is a company located in Canada. The Company was incorporated on June 6, 2003 under the Business Corporations Act (Alberta).

The Company's head office, which is also the main establishment is located at 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is www.pascoresources.com. The Company is trading on the Canadian Securities Exchange (CSE) under symbol “CDPR”.

Prior to the acquisition of Cerro de Pasco Resources in Subsidiaria del Perú S.A.C. (formerly Trevali Peru S.A.C.) (”Santander” and/or “CDPR Subsidiaria del Perú) the Company had been a pre-operative stage company. As of December 3, 2021, with the acquisition of Santander, the Company is engaged in mining activities, which include the exploration and exploitation of mining rights, processing and sale of minerals and metals, such as lead, zinc and silver in the Santander mining unit that is located in Santa Cruz de Andamarca, province of Huaral, Lima, Peru.

During 2022, the Company abandoned any effort to reinstate its wholly owned subsidiary Zencig Corp., previously administratively dissolved by the Delaware Secretary of State for failing to meet its filing requirements (see Note 6). The Company also abandoned any effort to reinstate its wholly owned dormant subsidiary Zippler Inc., previously administratively dissolved under the Canada Business Corporation Act for non-compliance (see Note 6).

2. GOING CONCERN:

The accompanying consolidated financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the fifteen-month period ended March 31, 2024, the Company recorded a net loss of $29,307,381 ($18,558,677 for the twelve-month period ended December 31, 2022) due mainly to care and maintenance in the Santander mine. The accumulated deficit of $72,954,894 as of March 31, 2024 ($43,609,287 as of December 31, 2022) is attributable to all sectors of the Company. As of March 31, 2024, the Company had a working capital deficit of $54,995,440 (deficit of $19,645,567 as of December 31, 2022).These circumstances cast significant doubt regarding the Company's ability to continue as a going concern; unless any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments and negotiation of current outstanding debt and payables. During the fifteen-month period ended March 31, 2024, the Company was able to raise additional funds of about $4.1 million, net of issuance costs, to mitigate cash flow concerns. Furthermore, in January 2024, the Peruvian government granted the suspension of approximately $53M of payables until such time in the future agreed upon at the Meeting of the Creditors (see Note 13 for more details). While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future operations.

The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the continued support from the Company’s suppliers and lenders, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets.

3. BASIS OF PREPARATION:

Statement of compliance:

These annual consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards applicable to the preparation of annual consolidated financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as of period end.

Basis of measurement:

The consolidated financial statements have been prepared on a historical cost basis except for where IFRS requires recognition at fair value.

Basis of consolidation:

A subsidiary is an entity over which the Company has control. The Company controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is acquired and de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The subsidiaries and parent have altered their reporting date to be March 31 going forward. The Company attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. All intra-group transactions and balances are eliminated in consolidation.

Subsidiary	**Status**	**Jurisdiction of Incorporation**	**Principal activity**	**% Of Ownership**
Cerro de Pasco Resources Sucursal del Perú	Active	Peru	Exploration	100%
Cerro de Pasco Resources Subsidiaria del Perú S.A.C. *(formerly Trevali Peru S.A.C.," Santander*")	Active	Peru	Production	100%

The two inactive subsidiaries of the Company, Zencig Corp, and Zippler Inc., were dissolved during the third quarter of 2022 (Note 6).

On July 3, 2023, the Company sold their 80%-stake in the research subsidiary, H2-Sphere GmbH ("H2 Sphere"), back to the original owners of the Company (Note 7).

Functional and presentation currency

The consolidated financial statements are presented in United States dollars ("USD"). The functional currency of Cerro de Pasco Resources Inc. is the Canadian dollar ("CAD"). The functional currency of Cerro de Pasco Resources Sucursal del Peru and Santander is USD. The functional currency of H2-Sphere GmbH is the Euro.

Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the financial statements.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Recognition of deferred income tax assets and measurement of income tax expense

The Corporation is subject to taxes from different tax country jurisdictions. Determining the tax treatment of a transaction requires the Corporation to apply judgment in its interpretation of the applicable tax law. The tax treatment may change based on the result of assessments or audits by the tax authorities, often years after the initial filing.

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 23).

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts or circumstances indicating an impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash- generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether a technically or economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of existence of reverses, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-down in profit or loss in the period when the new information become available.

Impairment assessment of property, plant, and equipment

An impairment assessment requires the use of estimates and assumptions such as future zinc, lead, and silver prices (considering current and historical prices, price trends and related factors), operating and capital costs, discount rates, foreign exchange rates, closure and remediation costs, estimated life-of mines, mineral reserves and resources including exploration potential and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or cash generating units ("CGUs"). Such circumstances may give rise to an impairment or a reversal of previous impairments with the impact.

Reclamation and remediation provision

The ultimate costs for reclamation and remediation are uncertain, and cost estimates can vary in response to many factors, including estimates of the nature, extent and timing of remediation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, the risk-free interest rate for discounting future cash flows, foreign exchange rates, and estimates of the underlying currencies in which the provisions will ultimately be settled. The Company estimates its costs based on studies using current restoration standards and techniques, and the provision at the reporting date represents management's best estimate of the present value of the future remediation costs required.

Useful lives of mineral properties, plant, and equipment

Estimated mineral resources are used in determining the depreciation of certain assets. This results in depreciation expense proportional to the depletion of the anticipated remaining life-of-mine production. The estimate of the remaining lives of the Company's producing mineral properties is based on a combination of quantitative and qualitative factors including historical production and financial results, mineral resources reported under National Instrument 43-101 ("NI 43-101"), estimates of ore mineral feed production from areas not included in the NI 43-101 reports, and management's intent to operate the property. The estimated remaining lives of the producing mineral properties are used to calculate amortization and depletion expense, forecast the timing of the payment of reclamation and remediation costs and perform impairment or impairment reversal testing to review the carrying values of assets and/or CGUs.

There are numerous uncertainties inherent in estimating the remaining lives of the producing mineral properties, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, or production costs may change the economic status of the resources, estimates of production from areas not included in the NI 43-101 reports, and management's intent to operate the property, and may ultimately have a material impact on the estimated remaining lives of the properties.

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (see Note 19).

Basis of depreciation of mining sites in production

Depreciation of mining assets is computed principally by the units-of-production method over life-of-mine based on estimated quantities of economically recoverable mineral resources, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the Santander mining operation in production (and related assets). However, in some instances, additional resources may be included. This may be the case, for example, where management is confident that resources will be economically recoverable.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the zinc price, exchange rates as well as cost inflation into account. Changes in the assumptions used in estimating the mineral resources may affect the net value of property, plant, and equipment, provisions for restoration of mining sites and the amortization and depletion expense.

Inventories

Management estimates the net realizable values of inventories, considering the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices.

Provision and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

4. CHANGE IN FINANCIAL YEAR-END:

Change in financial year-end

On December 21, 2023, the Board of Directors approved to change the Corporation's financial year-end from December 31 to March 31 to improve alignment between management, mining and exploration activities, and financial reporting. As a result, the Company is reporting a 15-month period, January 1, 2023 through March 31, 2024, for the transition period financial statements. The information presented in these consolidated financial statements is not entirely comparable to the amounts presented for the year ended December 31, 2022. After the transition period, the Company's first full fiscal year will be from April 1, 2024 to March 31, 2025.

5. MATERIAL ACCOUNTING POLICY INFORMATION:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

Revenue recognition

The principal activity from which the Corporation generates its revenue is the sale of zinc and lead-silver concentrates to third parties. Revenue is measured based on the consideration specified in the contract with the customer. Revenue of sales concentrate is recognized at a point of time when the Corporation transfers control of a product to the customer, which generally occurs when the concentrate is transferred to the carrier transporting the product.

Non-controlling interests:

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity.

Total comprehensive income (loss) of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

Foreign currency transactions and balances:

The consolidated financial statements are presented in US dollars (see Note 3 on Functional and presentation currency). Foreign currency transactions and balances are translated in their respective functional currency using the following method:

- Monetary assets and liabilities in foreign currency are translated at the closing exchange rate in effect at the reporting date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date.
- Revenues and expenses are translated at the average rate in effect during the year.
- Gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are included in profit or loss.
- Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Assets, liabilities, and transactions of the subsidiary with a functional currency other than the US dollar are translated into US dollars on consolidation. On consolidation, assets and liabilities are translated into US dollars at the closing rate of the reporting date. Income and expenses are translated under the Company's presentation currency at the average rate over the reporting year. Exchange differences are presented as other comprehensive loss and recognized in Accumulated other comprehensive income in equity (deficiency). On disposal of a foreign operation, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Goodwill, intangibles and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the rate in effect at the statement of financial position date.

Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

(b) Classification and initial measurement of financial assets:

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI").

In the periods presented, the Company does not have any financial assets categorized as fair value through other comprehensive income.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expenses, finance income or other financial items, except for impairment of trade receivables which is presented within general and administrative expenses.

(c) Subsequent measurement of financial assets:

(i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, cash and cash equivalent – restricted, accounts receivable, and other receivables (except sales tax receivable) fall into this category of financial instruments.

(ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category contains marketable securities in a quoted company (presented within other financial assets). The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investment in Genius Metal Inc. and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirement of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(d) Compound financial instruments:

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

Impairment of financial assets:

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included accounts receivable and other receivables (except sales tax receivable).

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not
- Stage 3: there is objective evidence of impairment as of the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities:

The Company's financial liabilities at amortized cost include trade accounts payable and other liabilities, promissory note, balance of purchase price payable, convertible debenture and loan. The Company's financial liabilities designated at FVTPL, which includes items such as the contingent consideration payable.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance expenses or finance income.

Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options.

Cash and restricted cash and cash equivalents:

Cash and cash equivalent consists of cash and cash in trust, as well as other highly liquid short-term investments, easily convertible in a known amount of cash and subject to negligible risk of value impairment. Restricted cash is not available for use by the Company and therefore is not considered highly liquid, for example, cash set aside to cover remediation obligations.

Marketable securities:

Marketable securities comprise shares of other publicly traded companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original basis related to the shares of other publicly traded companies is recorded in net loss.

Inventories:

Inventories comprise finished products, stockpile and supplies. Finished products are valued at cost or net realizable value, whichever is lower. The finished products and stockpile include all production costs incurred directly, including direct labor and materials, freight and amortization, and directly attributable operating expenses. Supplies to be used in exploration and production are valued at acquisition cost, freight, and other directly attributable costs, which is determined using the weighted average method and the cost of inventories to be received, using the specific cost method.

(Expressed in US Dollars unless otherwise noted)

The impairment of the value of the inventories is determined based on the net realizable value, which is the estimated sale price in the normal course of business, less the costs necessary to finish their production, put the inventories in a condition for sale and carry out their commercialization. For reductions in the book value of the inventories to their net realizable value, a provision for inventory impairment is made with a charge to profit or loss in the period in which such reductions occur.

Property, plant, and equipment:

Property, plant, and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property, plant and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The Santander mining unit depreciation is determined using the units of production (PU) method calculated based on the economically recoverable resources. Other fixed assets including buildings, facilities, other equipment, computer equipment, communication equipment, and furniture and fixtures are depreciated using the straight-line method over the useful life of assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and works in progress are not depreciated.

The estimated useful lives are as follows:

		Years of useful life	
	Depreciation method	**For the fifteen-month period ended March 31, 2024**	**For the year ended December 31, 2022**
Buildings	Straight-line	10	10
Mining unit	PU	4	6 to 7
Plant	PU	4	6 to 7
Facilities	Straight-line	10	10
Miscellaneous equipment	Straight-line	10	10
Computer equipment	Straight-line	3 to 5	3 to 5
Communication equipment	Straight-line	5	5
Software	Straight-line	2	2
Furniture and fixtures	Straight-line	5 to 10	5 to 10

The residual value, depreciation method, and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Mining properties and exploration and evaluation assets:

Exploration and evaluation expenditures are costs incurred during the initial search of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

Expenses related to exploration and evaluation include topographical, geological, geochemical, geophysical, exploration drilling, trenching, sampling, general expenses, financial charges, management fees and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts, the difference is then immediately recognized in profit or loss. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant, and equipment. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of mining properties, exploration and evaluation assets and property, plant and equipment:

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash- generating units). As a result, some assets are tested individually for impairment, and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

Provisions, contingent liabilities, and contingent assets:

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environmental protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable, and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. To take into account the estimated cash flows required to settle its obligations arising from environmentally acceptable closure plans (such as dismantling and demolition of infrastructures, removal of residual matter and site restoration), provisions are recognized in the year, when the Company has an actual restoration mining site obligation and it is likely that an outflow will be required in settlement of the obligation and the obligation is reasonably determinable. These provisions are determined on the basis of the best estimates of future costs, based on information available on the reporting date.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

As of March 31, 2024 and December 31, 2022, the Company had a provision for remediation and mine closure.

Income taxes:

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Currently, income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method and is re- measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities on the consolidated statements of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months of less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease.

Share capital:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the share options and warrants accounts.

Unit placements:

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black- Scholes valuation model and is recorded separately under "warrants".

Other elements of equity:

Warrants and share options accounts include unrealized charges related to share options and warrants until they are exercised, if applicable. Contributed surplus includes compensation expense related to share options and warrants not exercised and expired.

Deficit includes all current and prior year retained losses.

Accumulated other comprehensive losses include all foreign currency translation adjustments.

Equity-settled share-based compensation:

The Company has an equity-settled share-based compensation plan for its eligible directors, employees, and consultants. The Company's plan is not cash-settled.

All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted.

All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Reclassifications:

Certain reclassifications have been made within the December 31, 2022 consolidated statement of financial position, consolidated statements of comprehensive loss and consolidated statements of cash flows to conform to the March 31, 2024 reclassification changes. These reclassifications, most notably through prepaid expenses and other receivables, did not impact comprehensive loss or earnings per share for the comparative year and should not affect conclusions drawn for prior year financial statements.

New standards and interpretations that have not yet been adopted:

IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2024. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The Company has not early adopted this policy but will retrospectively apply beginning April 1, 2024.

In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in the Financial Statements replaces IAS 1 Presentation of Financial Statements. The standards will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company’s financial statements.

Since the issuance of the Company’s audited consolidated financial statements for the year ended December 31, 2022, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company but not yet effective.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

(Expressed in US Dollars unless otherwise noted)

6. DISSOLUTION OF SUBSIDIARIES

Administrative dissolution of Zencig Corp. and Zippler Inc.

The Company's wholly owned subsidiaries Zencig Corp. and Zippler Inc. were previously administratively dissolved (see Note 1). Effective September 30, 2022, the Company deconsolidated Zencig Corp. and recognized a gain, which was recorded in the consolidated statement of comprehensive loss as a gain on the dissolution of a subsidiary. Effective September 30, 2022, the Company also deconsolidated Zippler Inc. The total gain on dissolution of subsidiaries amounted to $99,697 at December 31, 2022.

7. SALE OF SUBSIDIARY:

On July 3, 2023, the Company sold its 80% equity interest in H2Sphere GmBh. As such, this business is reported as a discontinued operation for the fifteen-months ended March 31, 2024 and twelve-months ended 2022. The Company has retrospectively recast its consolidated statements of comprehensive loss for all periods presented. The Company has not segregated the cash flows of this business in the consolidated statements of cash flows. Management was also required to make certain assumptions and apply judgment to determine historical expenses related to the discontinued operations presented in prior periods. Unless noted otherwise, discussion in the Notes to the Consolidated Financial Statements refers to the Company's continuing operations. The Company received net consideration for the sale of $164,924:

Purchase price	$	244,159
Re-purchase of 80% stake in Company		21,578
Forgiven accounts payable		(100,813)
Net consideration received	**$**	**164,924**

The Company recognized a gain of $246,876 after elimination of intercompany balances and net liabilities forgiven.

See below for a statement of comprehensive loss for the fifteen-month period ended March 31, 2024 and twelve-months ended 2022 of the discontinued operations of H2Sphere GmBh allocable to the Company.

(Expressed in US Dollars unless otherwise noted)

	For the fifteen-month period ended	For the twelve-month period ended
	March 31, 2024	December 31, 2022
	$	$
Revenue from Zinc, Lead, and Silver concentrate sales	-	-
Cost of Sales	-	-
Gross Profit	-	-
Expenses:		
Research and development expenses	-	247,447
General and administrative expenses	11,408	5,739
	(11,408)	(253,186)
Other revenues(expenses):		
Exchange loss (gain)	-	(142)
	-	(142)
Income (loss) before income taxes	(11,408)	(253,328)
Income and mining taxes	-	-
Net income (loss) from discontinued operations	(11,408)	(253,328)
Currency translation adjustment	399	10,557
Other comprehensive income (loss) net of tax	399	10,557
	(11,009)	(242,771)
Net income (loss) attributable to:		
Shareholders of Cerro de Pasco Resources Inc.	(9,126)	(202,662)
Non-controlling interests	(2,282)	(50,666)
	(11,408)	**(253,328)**
Other comprehensive income (loss) attributable to:		
Shareholders Cerro de Pasco Resources Inc.	319	8,445
Non-controlling interest	80	2,112
	399	**10,557**
Total comprehensive income (loss) attributable to:		
Shareholders of Cerro de Pasco Resources Inc.	(8,807)	(194,217)
Non-controlling interest	(2,202)	(48,554)
	(11,009)	**(242,771)**

The below consolidated cash flow table summarizes the cash flow statement activity, for the fifteen-months ended March 31, 2024 and the twelve-months ended December 31, 2022:

Consolidated Cash Flow Summary		**For the fifteen-months ended March 31, 2024**		**For the twelve-months ended December 31, 2022**
Cash flows provided by (used in) operating activities from continuing operations	**$**	(2,622,601)	$	(471,560)
Cash flows provided by (used in) operating activities from discontinued operations		(439)		(15,064)
Cash flows provided by (used in) financing activities from continuing operations		8,327,946		(1,715,839)
Cash flows provided by financing activities from discontinued operations		-		4,404
Cash flows used in investing activities from continuing operations		(6,551,356)		(7,079,041)
Cash flows used in investing activities from discontinued operations		(17,614)		17,614
Net decrease in cash and cash equivalents		**(864,064)**		**(9,259,486)**
Net foreign exchange differences related to continuing operations		6,9659		260,433
Net foreign exchange differences related to discontinued operations		1,525		9,575
Cash and cash equivalents at beginning of period		992,301		9,981,779
Cash and cash equivalents at end of period	**$**	**136,721**	$	**992,301**

(Expressed in US Dollars unless otherwise noted)

8. CASH AND CASH EQUIVALENTS:

The increase of $2,016,863 in restricted cash is due to the increase in the annual renewal of the closure bond with the Peruvian Ministry of Energy and Mines of $127,583, issued on January 31, 2023, requiring a 37.75% cash collateral (see Note 14) and due to $1,889,280 of funds held in trust as part of a private placement performed, but not finalized at the period ended (see Note 18).

	March 31, 2024	December 31, 2022
	$	$
Cash	136,721	992,301
Cash and cash equivalent - restricted	6,479,134	4,462,271
	6,615,855	**5,454,572**

9. INVENTORIES:

The amount of inventories recognized as expenses during the period corresponds to the cost of sales presented in the consolidated statement of comprehensive loss. A summary of the inventory's components can be detailed as follows:

	March 31 2024	December 31 2022
	$	$
Finished products	-	283,424
Stockpile	91,813	9,654
Supplies	1,774,857	2,254,839
	1,866,670	**2,547,917**

10. OTHER RECEIVABLES:

	March 31 2024	December 31 2022
	$	$
Sales tax receivable (Corporate)	23,078	70,872
Sales tax receivable (Santander)	6,355,303	2,228,512
Temporary tax on net assets (ITAN)	217,437	363,460
Refunds receivable	13,773	30,398
Advances to employees	416,741	479,838
Advances to third parties	239,880	438,564
Other receivables	119,613	116,336
	7,385,825	**3,427,980**
Current portion of other receivables	1,030,522	3,427,980
Non-current portion of other receivables	6,355,303	-

(Expressed in US Dollars unless otherwise noted)

11. PROPERTY, PLANT, AND EQUIPMENT:

The movement of this item and its accumulated depreciation for the period ended March 31, 2024 and year ended December 31, 2022 is as follows:

The assets held by the parent, CDPR Inc. were fully depreciated as of December 31, 2022, therefore there is no exchange column for the fifteen-month period from December 31, 2022 through March 31, 2024. All other property, plant, and equipment

Cost	Balance as of December 31, 2022	Additions	Write-off/ Adjustments	Transfers from Work in Progress	Balance as of March 31, 2024
Buildings	7,445,198	-	-	558,110	8,003,308
Mining Unit	39,765,494	-	-	-	39,765,494
Plant	17,136,973	-	(55,285)	61,066	17,142,754
Facilities	7,315,965	-	(190,224)	264,711	7,390,452
Miscellaneous equipment	2,497,445	44	-	729,790	3,227,279
Computer equipment	129,009	-	-	-	129,009
Software	8,529	-	-	-	8,529
Communication equipment	166,156	-	-	-	166,156
Furniture and fixtures	262,618	-	-	-	262,618
Development costs	2,850,436	3,772,874	(2,320,517)	-	4,302,793
Work in progress	2,960,305	1,973,931	572,882	(1,622,314)	3,884,804
	80,538,128	**5,746,849**	**(1,993,144)**	**(8,637)**	**84,283,196**

Accumulated Depreciation and Amortization	Balance as of December 31, 2022	Depreciation and Amortization	Write-off/ Adjustments	Transfers from Work in Progress	Balance as of March 31, 2024
Buildings	(6,590,400)	(145,676)	-	-	(6,736,076)
Mining Unit	(38,240,967)	(285,950)	-	-	(38,526,917)
Plant	(16,450,642)	(215,628)	-	-	(16,666,270)
Facilities	(7,018,475)	(70,519)	-	-	(7,088,994)
Miscellaneous equipment	(2,203,978)	(227,576)	-	-	(2,431,554)
Computer equipment	(119,017)	(2,927)	-	-	(121,944)
Software	(4,098)	(731)	-	-	(4,829)
Communication equipment	(162,516)	(1,562)	-	-	(164,078)
Furniture and fixtures	(239,630)	(3,416)	-	-	(243,046)
Development costs	(422,827)	(1,321,997)	-	-	(1,744,824)
	(71,452,550)	**(2,275,982)**	**-**	**-**	**(73,728,532)**
Net carrying value	**9,058,578**	**3,470,867**	**(1,993,144)**	**(8,637)**	**10,554,664**

is denominated in the reporting currency, USD.

(Expressed in US Dollars unless otherwise noted)

Cost	Balance as of December 31, 2021	Additions	Write-off/ Adjustments	Transfers/ Transfer from Work in Progress	Exchange	Balance as of December 31, 2022
Buildings	7,442,995	2,203	-	-	-	**7,445,198**
Mining Unit	39,765,494	-		-	-	**39,765,494**
Plant	17,053,998	33,975	-	49,000	-	**17,136,973**
Facilities	7,277,202	38,763	-	-	-	**7,315,965**
Miscellaneous equipment	2,497,445	-	-	-	-	**2,497,445**
Computer equipment	127,264	3,840	(1,442)	-	(653)	**129,009**
Software	8,670	-	-	-	(141)	**8,529**
Communication equipment	162,830	3,326	-	-	-	**166,156**
Furniture and Fixtures	262,337	1,133	-	-	(852)	**262,618**
Development costs	366,493	-	(1,319,597)	3,803,534	-	**2,850,436**
Work in progress	692,743	2,316,562	-	(49,000)	-	**2,960,305**
	75,657,471	**2,399,802**	**(1,321,033)**	**3,803,534**	**(1,646)**	**80,538,128**

Accumulated Depreciation and Amortization	Balance as of December 31, 2021	Depreciation and Amortization	Write-off/ Adjustments	Transfers/ Transfer from Work in Progress	Exchange	Balance as of December 31, 2022
Buildings	(5,971,089)	(619,311)	-	-	-	**(6,590,400)**
Mining Unit	(37,923,908)	(317,059)	-	-	-	**(38,240,967)**
Plant	(16,319,072)	(131,570)	-	-	-	**(16,450,642)**
Facilities	(6,948,610)	(69,865)	-	-	-	**(7,018,475)**
Miscellaneous equipment	(2,073,464)	(130,514)	-	-	-	**(2,203,978)**
Computer equipment	(116,787)	(5,173)	2,315	-	628	**(119,017)**
Software	(3,270)	(961)	-	-	133	**(4,098)**
Communication equipment	(161,118)	(1,398)	-	-	-	**(162,516)**
Furniture and fixtures	(235,296)	(4,330)	-	-	(4)	**(239,630)**
Development costs	-	-	-	(422,827)	-	**(422,827)**
	(69,752,614)	**(1,280,181)**	**2,315**	**(422,827)**	**757**	**(71,452,550)**
Net carrying value	**5,904,857**	**512,297**	**(711,394)**	**3,380,707**	**(889)**	**9,085,578**

(Expressed in US Dollars unless otherwise noted)

12. MINING PROPERTIES, EXPLORATION AND EVALUATION ASSETS:

Mining properties, Exploration and Evaluation assets by properties are detailed as follows:

	December 31, 2022	Additions	Adjustments	March 31, 2024
	$	$	$	$
Quiulacocha Tailings and Excelsior Stockpile				
Mining properties	1,231,724	221,522	-	1,453,246
Exploration and evaluation	144,111	-	-	144,111
Santander				
Exploration and evaluation	7,334,833	616,956	(2,685)	7,949,104
	8,710,668	**838,478**	**(2,685)**	**9,546,461**

	December 31, 2021	Additions	Adjustments	Transfers to Property, Plant, and Equipment	December 31, 2022
	$	$	$	$	$
Quiulacocha Tailings and Excelsior Stockpile					
Mining properties	1,262,104	-	(30,380)	-	1,231,724
Exploration and evaluation	144,111	-	-	-	144,111
Santander					
Exploration and evaluation	5,245,338	5,470,202	-	(3,380,707)	7,334,833
	6,651,553	**5,470,202**	**(30,380)**	**(3,380,707)**	**8,710,668**

Quiulacocha Tailings and Excelsior Stockpile, Cerro de Pasco, Peru:

CDPR owns a 100% interest in the El Metalurgista Concession (where the Quiulacocha Tailings and Excelsior Stockpile are located), located in Cerro de Pasco, Peru (“Quiulacocha"). Quiulacocha consists of tailings, stockpiles and metal slag generated by legacy mining operations at the Cerro de Pasco Mine located near Lima, in Peru.

Quiulacocha is subject to a 2.0% Net Smelter Return (“NSR”) on production. The total 2% may be purchased by the Company as per the following deadlines and payments:

	Cash Payments
	$
In the first 24 months after the start of commercial production	3,000,000
Between the 25th and 36th months after the start of commercial production	3,500,000
Between the 37th and 48th months after the start of commercial production	4,000,000

Santander Mine:

CDPR owns a 100% interest in Santander Mine which consists of a processing facility and mineral rights, located near the city of Lima, in the district of Santa Cruz de Andamarca, province of Huaral, department of Lima, in Peru.

(Expressed in US Dollars unless otherwise noted)

13. TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES:

Trade accounts payable and other liabilities recognized in the consolidated statements of financial position can be analyzed as follows:

	March 31, 2024	December 31, 2022
	$	$
Trade accounts payable and accrued liabilities:		
Related parties	331,072	37,932
Factored payables	15,245,699	5,101,411
Income and mining taxes	13,205	52,818
Trade accounts payable	31,340,348	20,754,212
Accrued payroll and benefits	2,365,084	2,026,615
Accrued royalties payable	1,975	90,766
Trade association	17,351	21,363
Other payables and accrued expenses	4,524,981	1,010,879
	53,839,715	**29,095,996**

On January 29, 2024, the Company's subsidiary, Santander, was granted protection from its creditors by the Insolvency Proceedings Commission (the "Commission") of the National Institute for the Defense of Competition and the Protection of Intellectual Property of Peru ("INDECOPI"), which establishes a suspension of enforceability of their unpaid obligations accrued until the future date of dissemination of the acceptance of a Meeting of the Creditors, which shall establish a global refinancing agreement that establishes any future enforceability of such obligations . As of March 31, 2024, there are $53,086,960 payables suspended under the order issued by the Commission as part of the reorganization of Santander.

14. PROVISION FOR REMEDIATION AND MINE CLOSURE:

	March 31 2024	December 31 2022
	$	$
Opening Balance	14,199,137	14,713,715
Provision Update (accretion expense)	250,097	187,211
Variation due to change in key assumptions used	(1,909,648)	(578,767)
Payments	-	(123,022)
	12,539,586	**14,199,137**
Current portion	**349,559**	**307,752**
Non-current portion	**12,190,027**	**13,891,385**

The Company must comply with environmental regulations in the development of all its activities, in all the jurisdictions in which it operates. It also includes the obligation, at the close of its operations, to remediate the disturbed areas where it has carried out its activities and over which it maintains mining title.

The Company is not aware of any negative effects on the environment arising from any of its properties that may give rise to significant obligations to third parties.

Environmental legislation has regulated the obligation to assume the costs and expenses associated with the closure obligation and, remediation of operations at the time of the conclusion of their activities, which results in financial planning to reduce the impact that these expenses and future costs could bring to the Company. In addition to legislative measures by which the Company must guarantee the necessary funds to carry out the remediation activities.

(Expressed in US Dollars unless otherwise noted)

The main assumptions used by the Company to calculate the provision are summarized below:

	March 31 2024	December 31 2022
	$	$
Estimated costs	12,545,568	14,403,000
Useful life of mine (years)	4	4
Claim period (years)	9	9
Discount rate (risk-free rates)	4.20%	1.44%
Inflation rate	2.38 – 8.20%	8.20 and 3.00%

As of December 31, 2021, in compliance with the provisions of the Regulations for the Closure of Mines approved by Supreme Decree No. 033-2005-EM, the Company's had letters of guarantee issued in favor of the Peruvian Ministry of Energy and Mines for $11,516,713. In February 2022, the Company increased the guarantee to $14,913,975.

On January 31, 2023, in compliance with the provisions of the Regulations for the Closure of Mines approved by Supreme Decree No. 004-2023/MINEM-DGAA, the Company had letters of guarantee issued in favor of the Peruvian Ministry of Energy and Mines for $13,176,612.

15. PROMISSORY NOTE:

On November 26, 2021, the Company entered into a promissory note agreement with Alpha Capital Anstalt ("Alpha") for CAD $1,500,000 ($1,183,200) which bears interest at 4.5% annually until the maturity date of May 26, 2022. The Company also issued 3,000,000 warrants to Alpha. The initial fair value of the note of CAD $1,324,086 ($1,044,439) was determined using an effective interest rate of 30%. The residual value of CAD $175,914 ($137,282) was attributed to the warrants. The Company incurred transactions costs of CAD $32,641 ($25,747). The note is secured against certain assets of the Company, including inventory and property, plant, and equipment.

The promissory note was amended on October 7, 2022 with a remaining principal balance of CAD $1,200,000 ($879,720), which bears interest at an increased interest rate of 10% per annum until the new maturity date of the sooner of April 3, 2023, or upon the receipt of funding from the forward sale of zinc concentrate related to the Santander Pipe deposit. Under the terms of the Amending Agreement, the Company shall use 25% of all capital raises to pay down the amounts owed on the Note. On November 4, 2022, the Company repaid CA$20,000 reducing the principal amount due to CAD$1,180,000 ($865,058). The Company also granted up to 2,400,000 warrants at an exercise price of $0.25 CAD per unit, awarded in monthly installments of 400,000 warrants, until payment of the note is completed. The warrants were valued at CAD $128,880 ($95,010) and accreted over the life of the remaining maturity. The effective interest rate on the value of the warrant was 39%.

The warrants were valued using the Black-Scholes pricing model with the following inputs: Share price of $0.14 CAD, risk-free interest rate of 3.87%, expected life of 3 years, and expected volatility of 81%. The expected volatility used was determined using historical price volatility for the Company.

On March 15, 2023, the promissory note was renegotiated. The maturity date was extended to the sooner of (i) December 31, 2023; or (ii) upon receipt of funding from the forward sale of Zinc concentrate related to the Santander Pipe deposit. The Company paid $600,000 towards the principal balance during March 2023. The amendment resulted in an accounting gain on extinguishment of CAD$70,998. The Company agreed to the following payment terms under the amendment:

- March 27, 2023: $600,000 CAD (paid)
- Pay CAD$150,000 at end of each month from August to November 2023
- Remaining balance to be paid on December 31, 2023 for CAD$155,834

On February 20, 2024, the promissory note was amended. The maturity date was extended to July 31, 2024. The principal of $555,000, bearing an interest rate of 10% per annum and payable on maturity, and a penalty fee of $110,000 due upon the new maturity date. The amendment resulted in modification of the debt per accounting guidance. A loss of CAD$52,317 was recognized. Subsequent to year-end, on July 5, 2024, the Company paid off the promissory note in full.

16. LOANS AND LINE OF CREDIT:

Loans

	March 31 2024	December 31 2022
	$	$
Reactiva Peru Loan Program (a)	-	672,095
Caterpillar Leasing Chile S.A (b)	567,780	-
Grupo Coril Sociedad Agente de Bolsa S.A (c)	3,001,179	-
Canada Emergency Business Account (“CEBA”) (d)	-	27,358
Banque Royale du Canada (d)	28,749	-
	3,597,708	**699,453**
Current portion	3,568,959	699,453
Non-current	28,749	-

(a) In the framework of the Reactiva Perú Program approved by the Peruvian Government and as a way to extend its working capital, the Company signed a long-term borrowing agreement dated May 25, 2020 with a Peruvian financial institution for a total principal of S/10,000,000 (approximately $2,278,755) at an annual interest rate of 1.62% in Peruvian soles, and coming due at 3 years, with a grace period. As part of the terms of this loan, the funds cannot be used: (i) to pay and/or pay in advance any past due or current financing before paying the loan; (ii) buy fixed assets, bonds, shares or make capital contributions; or (iii) distribute dividends or earnings during its term, except for the earnings to workers.

The difference between the opening carrying amount of the loan measured at fair value and the income received, has been considered as a government grant and was recognized as deferred income. This grant will be systematically recognized in profit or loss over the periods, deducting the financial expense arose from the loan for which the benefit of the grant is intended to offset. This loan was paid off during the period ended March 31, 2024.

(b) The Company purchased an electric generator for the Santander mine through a lease financing agreement for approximately $800,000. The lease comes due during August 2025 and has an annual interest rate of 9.5%.

(c) The Company entered into a working capital financing agreement with Grupo Coril Sociedad Agente de Bolsa S.A. on January 10, 2023.The loan comes due December 2024 and has an annual interest rate of 19.56%. The loan is collateralized against the mineral rights of the mine owned by the Santander subsidiary.

(d) If $40,000 CAD of the $60,000 CAD loan is repaid by December 31, 2023, then loan forgiveness of $20,000 CAD will apply. The full amount of the loan (principal and interest) is due payable on December 31, 2025. On January 17, 2024, in compliance with the CEBA loan requirements, the Company paid off the $40,000 CAD loan outstanding by refinancing the loan with Banque Royale du Canada. The loan accrues interest at a rate of 2.84% and payments of approximately $628 are made monthly. The loan matures in 5 years from date of refinancing.

Line of Credit

During 2022, Cerro de Pasco Resources Inc. entered into a credit agreement with BBVA Bank. The Company has $2,000,000 to issue guarantee letters to its suppliers. BBVA charges an annual commission fee of 4.75%. As of March 31, 2024 and December 31, 2022, there were $0 and $1,300,000 letters of credit issued, respectively.

17. CONVERTIBLE DEBENTURE:

	March 31 2024	December 31 2022
	$	$
Convertible debenture		
Convertible debenture capital of $1,641,215, bearing interest at 20.04% payable annually and maturing on June 30, 2025	1,208,623	922,029
	1,208,623	**922,209**
Current portion of convertible debenture	1,208,623	922,209
Non-current portion of convertible debenture	-	-

On June 15, 2021, the Company refinanced their existing convertible debt with a face value of $1,500,000 CAD ($1,230,450) and 1,857,143 warrants were issued due June 18, 2022. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.50 CAD until June 15, 2023. The warrants include an option to allow the Company to change the exercise price, subject to the approval of exchange. For accounting purposes, this option resulted in the warrants being classified as a financial liability at fair value through profit or loss. The fair value of the components as of June 15, 2021 is $1,263,188 CAD ($1,036,193) for the debenture, $57,125 CAD ($48,860) for the embedded derivative on the convertible debenture, $108,830 CAD ($89,273) for the warrants and $58,800 CAD ($48,234) for the conversion option. The initial values of the warrants and the conversion option were determined using the Black & Sholes evaluation model based on the following assumptions: Share price of $0.33 CAD, exercise price of $0.50 CAD, risk-free interest rate of 0.33%, Expected life of 2 and 1 year and expected volatility of 56% and 47%. The expected volatility used was determined using the historical price volatility of the Company.

On July 11, 2022, the Company paid $300,000 towards the principal balance of the convertible debenture.

On November 8, 2022, the lender agreed to extend the maturity date of the agreement to August 20, 2023. An additional 3,000,000 warrants at an exercise price of $0.25 CAD per unit, were issued on the amendment date. Per accounting guidance, this transaction was considered an extinguishment of the old debt with the change in fair value recognized through the P&L as a gain/loss on extinguishment in the amount of $100,124. The fair value as of November 8, 2022 of the amended agreement is CAD $1,453,123 ($1,081,124) (the “Principal Amount") in change for a reduction in the conversion price from CA$0.50 to CA$0.25 and a reduction of the percentage of the fee payable upon the repayment of the Principal on the maturity date from 10% to 9% of the Principal Amount. The warrants were valued using the Black-Scholes evaluation model based on the following assumptions: Share price of $0.15 CAD, exercise price of $0.25 CAD, risk-free interest rate of 4.14%, Expected life of 2 years and expected volatility of 83%. The expected volatility used was determined using historical price volatility for the Company.

On May 8, 2023, an additional payment of $300,000 was due, of which the Company paid $100,000 on May 26, 2023. The Company was charged an additional $20,000 as an extension fee on the $200,000 unpaid cash.

On August 23, 2023, the lender agreed to extend the maturity date of the agreement to October 31, 2023 (the “Maturity Date”). On maturity, the Company agreed to pay back the principal balance of CAD$1,353,123, the extension fee of CAD$20,000, and a further extension fee of CAD$137,312. The amendment was treated as a modification, and the Company recognized a loss of CAD$60,694.

On February 21, 2024, but deemed effective January 31, 2024, the lender agreed to further extend the maturity date of the agreement to July 1, 2024. The new convertible debt has a principal balance of CAD$1,641,216 and carries a fixed monthly interest rate of 1.67% on the principal balance until the debt is paid in full, plus a redemption fee of 5%. The amendment resulted in an extinguishment of the old debt per accounting guidance, and a loss on extinguishment of CAD$217,829 was recognized. The fair value of the convertible debt was adjusted to CAD$1,636,188. No fair value was assigned to the conversion feature of the convertible debt, as the present value of the new convertible debt exceeded its face value.

As part of the amendment, the Company issued 5,000,000 warrants to the lender and the conversion price of the debt was amended to $0.15 CAD. Each warrant issued to the lender entitles the lender to purchase one common share at an exercise price of $0.15 for a period of 2 years. The warrants had a fair value of $222,857 CAD using the Black-Scholes evaluation model based on the following assumptions: share price of $0.10 CAD, exercise price of $0.15 CAD, risk-free interest rate of 4.17%, expected life of 2 years and expected volatility of 101%. The Company would also have to issue an additional 2,500,000 warrants if the convertible debenture has not been repaid back in full by May 1, 2024. (Note 29).

18. SHARE CAPITAL AND WARRANTS:

Authorized:

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

Issued and outstanding:

As of March 31, 2024 the Company had 347,813,434 issued and outstanding common shares (December 31, 2022 – 287,890,934)

Transactions during the period ended March 31, 2024:

On February 22, 2023, the Company issued 40,000 common shares to two service providers valued at $3,101 for business development consultancy and consulting fees.

On March 22, 2023, the Company issued 8,895,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $648,712. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional share of the Company at an exercise price of $0.25 CAD until March 22, 2025. The share issuance costs associated with this private placement amounted to $1,351.

On March 24, 2023, the Company issued 7,160,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $520,246. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional share of the Company at an exercise price of $0.25 CAD until March 24, 2025. The share issuance costs associated with this private placement amounted to $74,403.

On March 31, 2023, the Company issued 9,190,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $679,049. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.25 CAD until March 31, 2025. The share issuance costs associated with this private placement amounted to $8,900.

On May 17, 2023, the Company issued 40,000 common shares to two service providers valued at $3,565 for business development consultancy and consulting fees.

On May 31, 2023, the Company issued 1,840,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $135,258. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.25 CAD until May 31, 2025. The share issuance costs associated with this private placement amounted to $9,542. The Company paid an additional 8% in warrants as broker fees in connection with the private placement, equivalent to 128,800 warrant units.

On June 5, 2023, the Company issued a total of 8,200,000 units from several private placements at a price of $0.10 CAD per unit for proceeds of $610,408. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.25 CAD until June 5, 2025. The share issuance costs associated with these private placements amounted to $12,543. The Company paid an additional 8% in warrants as broker fees in connection with the private placement, equivalent to 157,500 warrant units.

On June 20, 2023, the Company issued 450,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $33,984. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.25 CAD until June 20, 2025.

On June 23, 2023, the Company issued a total of 577,500 units in several private placements at a price of $0.10 CAD per unit for proceeds of $43,752. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.25 CAD until June 23, 2025. The share issuance costs associated with these private placements amounted to $1,484. The Company paid an additional 8% in warrants as broker fees in connection with the private placement, equivalent to 14,000 warrant units.

On August 16, 2023, the Company issued a total of 40,000 common shares to two service providers valued at $2,959 for business development consultancy and consulting fees.

On September 29, 2023, the Company issued a total of 3,250,000 units in several private placements at a price of $0.10 CAD per unit for proceeds of $240,370. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of September 29, 2025 for both instruments. The Company paid $3,760 and an additional 8% in warrants as broker fees in connection with the private placement, equivalent to 80,000 warrants and 80,000 underlying warrants.

On October 6, 2023, the Company issued a total of 3,420,000 units in several private placements at a price of $0.10 CAD per unit for proceeds of $249,934. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of October 6, 2025 for both instruments. The Company paid an additional 8% broker fee equivalent to 24,000 warrants and 24,000 underlying warrants.

On November 20, 2023, the Company issued a total of 11,050,000 units in several private placements at a price of $0.10 CAD per unit for proceeds of $804,993. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and an additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of November 20, 2025 for both instruments. The Company paid $1,100 and additional warrants in broker fees.

On November 21, 2023, the Company issued a total of 40,000 common shares to two service providers valued at $2,336 for business development consultancy and consulting fees.

On November 24, 2023, the Company issued an additional 600,000 shares to another consultant as settlement of outstanding payables balance valued at $43,722 ($60,000 CAD).

On January 17, 2024, the Company issued a total of 2,280,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $168,606. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and an additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of January 17, 2026 for both instruments. The Company paid approximately $9,905 and additional warrants in broker fees, equivalent to 120,900 in warrants and 120,900 in underlying warrants.

On March 28, 2024, the Company issued a total of 2,850,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of $210,330. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and an additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of March 28, 2026 for both instruments. The Company paid approximately $13,989 and additional warrants in finders fees, equivalent to 175,000 in warrants and 175,000 in underlying warrants.

On March 31, 2024, the Company received $1,889,280 of proceeds related to the private placement of 25,500,000 units yet to be issued at period ended. The monies were held in trust and accounted for as restricted cash. The Company expects an approximate additional $175,000 in funds to receive in relation to this private placement.

***Transactions during the year ended December 31, 2022**:*

On January 24, 2022, the Company issued to a service provider 60,000 common shares valued at $11,852 for business development consultancy and consulting fees.

On February 9, 2022, the Company extended the terms of 2,343,500 common share purchase warrants pursuant to private placement offerings between February 28, 2020 and March 6, 2020 which entitled its holder to purchase one common share at an exercise price is $0.65 CAD for a period of two years to February 28, 2023 and reduced the exercise price of $0.50 CAD, except for 53,150 warrants held by insiders of the Corporation which remained at an exercise price of $0.65 CAD.

On February 9, 2022, extended the terms of 10,184,588 common share purchase warrants pursuant to private placement offerings between June 15, 2020, June 16, 2020, July 2, 2020, August 21, 2020 and August 28, 2020 which entitled its holder to purchase one common share of the Corporation at an exercise price is $0.50 CAD for a period of two years to February 28, 2023.

On February 17, 2022, the Company issued to two service providers a total of 30,000 common shares valued at $5,908 for business development consultancy and consulting fees.

On March 28, 2022, the Company issued to a service provider 342,857 common shares valued at $68,348 to the CEO of H2 Sphere as compensation for services under an employment agreement dated January 1, 2022. In addition, the Company issued under this employment agreement options to purchase an aggregate of 700,000 common shares of its capital stock, at $0.40 per share, for a period of five years, as long as he remains employed by H2 Sphere.

On March 28, 2022, the Company issued to a service provider 303,797 common shares valued at $60,562 as a senior advisor of H2 Sphere for business development consultancy and consulting fees. In addition, the Company issued under this consultancy agreement dated January 1, 2022, options to purchase an aggregate of 340,000 common shares of its capital stock, at $0.40 CAD per share, for a period of five years, as long as he remains employed by H2 Sphere.

On May 17, 2022 the Company issued to two service providers a total of 30,000 common shares valued at $4,792 for business development consultancy and consulting fees.

On September 29, 2022, the Company issued to two service providers a total of 40,000 common shares valued at $3,648 for business development consultancy and consulting fees.

On November 30, 2022, the Company issued to two service providers a total of 40,000 common shares valued at $3,701 for business development consultancy and consulting fees.

(Expressed in US Dollars unless otherwise noted)

Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

	March 31, 2024		December 31, 2022	
	Number of warrants granted	**Weighted average exercise price (CAD)**	**Number of warrants granted**	**Weighted average exercise price (CAD)**
		$		$
Outstanding at beginning	29,854,222	0.46	22,741,432	0.52
Granted	65,262,600	0.22	7,400,000	0.33
Expired/ Cancelled	(15,570,945)	0.50	(287,210)	0.40
Outstanding at end	**79,545,877**	**0.26**	**29,854,222**	**0.46**

The following table provides outstanding warrants information as of March 31, 2024:

Expiry date	**Number of outstanding warrants**	**Exercise Price (CAD)**	**Remaining life**
		$	**(years)**
May 27, 2024(extended April 2024)	4,283,277	0.50	0.2
November 8, 2025	3,000,000	0.25	0.6
November 26, 2024	3,000,000	0.50	0.7
March 22, 2025	8,895,000	0.25	1.0
March 24, 2025	7,160,000	0.25	1.0
March 31, 2025	9,190,000	0.25	1.0
May 31, 2025	1,968,800	0.25	1.0
June 5, 2025	8,357,500	0.25	1.2
June 20, 2025	450,000	0.25	1.2
June 23, 2025	591,500	0.25	1.2
July 18, 2025	500,000	0.50	1.3
July 26, 2025	500,000	0.50	1.3
August 26, 2025	500,000	0.50	1.4
September 26, 2025	500,000	0.50	1.5
September 29, 2025	1,705,000	0.15	1.5
September 29, 2025	**1,705,000	0.25	1.5
October 6, 2025	1,734,000	0.15	1.5
October 6, 2025	**1,734,000	0.25	1.5
October 26, 2025	400,000	0.25	1.6
November 20, 2025	5,525,000	0.15	1.6
November 20, 2025	**5,525,000	0.25	1.6
November 26, 2025	400,000	0.25	1.7
December 22, 2025	400,000	0.25	1.8
January 26,, 2026	400,000	0.25	1.9
January 17, 2026	1,260,900	0.15	1.8
January 17, 2026	**1,260,900	0.25	1.8
January 31, 2026	5,000,000	0.15	1.8
February 26, 2026	400,000	0.25	1.8
March 28, 2026	1,600,000	0.15	2.0
March 28, 2026	**1,600,000	0.25	2.0
	79,545,877	0.26	1.2

(Expressed in US Dollars unless otherwise noted)

**These represent underlying warrants, which cannot be exercised until all purchase warrants held by the shareholder have been exercised.

The following table provides the weighted average fair value of warrants granted:

	March 31, 2024	**December 31, 2022**
	$	**$**
Weighted average fair value of warrants granted	CAD $0.03 ($0.02)	CAD $0.05 ($0.04)

The fair value of each warrant granted is estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2024	**December 31, 2022**
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	CAD $0.10	CAD $0.15
Weighted average expected volatility (1)	94.50%	80.78%
Weighted average risk-free interest rate	4.08%	3.85%
Weighted average exercise price at grant date	CAD $0.22	CAD $0.33
Weighted average expected life	2.0 years	2.0 years

(1) The volatility was determined as per an average of the historical data volatility of the Company.

19. SHARE-BASED COMPENSATION:

Share option plan:
The Company has a stock option plan whereby the Board of Directors may grant directors, officers or consultants of the Company, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a "Rolling" stock option plan reserving a maximum of 10% of the shares of the Company at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees, and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee, or consultant of the Company or up to 90 days after the beneficiary has left.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

(Expressed in US Dollars unless otherwise noted)

	March 31, 2024		December 31, 2022	
	Number of outstanding share options	**Weighted average exercise price (CAD)**	**Number of outstanding share options**	**Weighted average exercise price (CAD)**
		$		$
Outstanding at beginning	11,155,000	0.40	10,595,000	0.40
Granted	5,100,000	0.20	1,040,000	0.40
Forfeited/Expired	(7,375,000)	0.39	(480,000)	0.40
Outstanding at end	**8,880,000**	**0.29**	**11,155,000**	**0.40**
Exercisable at end	**8,880,000**	**0.29**	**11,155,000**	**0.40**

The following table provides outstanding share options information as of March 31, 2024:

Expiry date	**Number of granted share options**	**Number of exercisable share options**	**Exercise Price (CAD)**	**Remaining life**
			$	**(years)**
*May 6, 2024	200,000	200,000	0.50	0.1
September 16, 2024	200,000	200,000	0.40	0.5
August 28, 2025	2,590,000	2,590,000	0.40	1.4
September 5, 2025	1,400,000	1,400,000	0.20	1.4
March 2, 2027	1,040,000	1,040,000	0.40	2.9
September 5, 2028	3,450,000	3,450,000	0.20	4.4
	8,880,000	**8,880,000**	**0.29**	**2.7**

*Expired subsequent to March 31, 2024.

Activity during the period ended March 31, 2024:

On September 5, 2023, the Company granted 1,400,000 share options to consultants at an exercise price of $0.20 CAD per share, expiring September 5, 2025. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.03 per share option at the grant date for a total of $37,772 using the Black-Scholes option pricing model.

On September 5, 2023, the Company granted 3,500,000 share options to employees at an exercise price of $0.20 CAD per share, expiring September 5, 2028. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.04 per share option at the grant date for a total of $145,243 using the Black-Scholes option pricing model.

On January 10, 2024, the Company granted 200,000 share options to a consultant at an exercise price of $0.20 CAD per share, expiring September 5, 2028. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.05 per share option at the grant date for a total of $10,428 using the Black-Scholes option pricing model.

Activity during the year ended December 31, 2022:

On March 2, 2022, the Company granted 1,040,000 share options to consultants at an exercise price of $0.40 CAD per share, expiring on March 2, 2027. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at $0.10 per share option at the grant date for a total of $106,726 using the Black-Scholes option pricing model.

During the period ended March 31, 2024, the Company recognized share-based compensation expense totaling $193,443 (2022: $106,726).

(Expressed in US Dollars unless otherwise noted)

The following table provides the weighted average fair value of share options granted:

	March 31, 2024	December 31, 2022
	$	$
Weighted average fair value of share options granted	CAD $0.05($0.04)	CAD $0.13($0.10)

The fair value of each share option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	March 31, 2024	December 31, 2022
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	CAD $0.10	CAD $0.25
Weighted average expected volatility (1)	88.33%	73.35%
Weighted average risk-free interest rate	4.16%	1.73%
Weighted average exercise price at grant date	CAD $0.20	CAD $0.40
Weighted average expected life	4.16 years	5.0 years

(1) The volatility was determined as per an average of the historical data volatility of the Company.

20. INFORMATION REGARDING STATEMENTS OF COMPREHENSIVE LOSS:

(a) Sales

Sales for the periods ended March 31, 2024 and December 31, 2022 comprise:

	March 31, 2024	December 31, 2022
	$	$
Lead and silver concentrates	4,767,362	3,138,313
Zinc concentrates	13,957,170	37,452,984
	18,724,532	**40,591,297**

All sales are made to one customer in Peru – See Note 27 credit risk.

(b) Expenses recognized for employee benefits (not attributable to cost of sales) are analyzed below:

	March 31, 2024	December 31, 2022
	$	$
Wages and salaries	1,911,565	2,864,993
Director’s fees and salaries	627,940	575,149
Share-based compensation	195,142	106,726
	2,734,647	**3,546,868**

(Expressed in US Dollars unless otherwise noted)

(c) General and administrative expenses by nature:

General and administrative expenses recognized in the net loss of the periods is as follows:

	March 31, 2024	December 31, 2022
	$	$
General and administrative expenses:		
Salaries and employee benefit expense	1,911,565	2,864,993
Management and consulting fees	1,507,819	1,607,009
Professional fees	682,329	771,562
Business development	688,460	427,853
Rent and office expenses	367,865	269,275
Insurance expenses	611,602	552,440
Registration, listing fees, and shareholders information	65,981	87,739
Project implementation cost	70,273	135,697
Share-based compensation	195,142	106,726
Depreciation of property and equipment	368,061	307,455
Other general and administrative expenses	112,611	196,171
	6,581,708	**7,326,919**

(d) Finance expenses:

Finance expenses recognized in the net loss of the periods is as follows:

	March 31, 2024	December 31, 2022
	$	$
Fines, penalties, bank charges, and other expenses	14,222	14,064
Factoring expenses	587,346	129,795
Insurance	165,691	150,179
General sales taxes and other expenses	92,057	114,991
Interest on promissory note	111,770	161,038
Interest on loan	603,776	68,828
Interest on convertible debenture	123,746	176,576
Presumed interest on convertible debenture	215,304	123,897
Presumed interest on loans	2,482	1,959
Presumed interest on promissory note	108,050	159,302
Presumed interest on mine closure provision	250,097	188,090
	2,274,541	**1,288,719**

(Expressed in US Dollars unless otherwise noted)

(e) Other expenses:

	March 31, 2024	December 31, 2022
	$	$
Provisions for fines	1,311,154	-
Non-recurring events*	1,478,864	-
	2,790,018	**-**

*The Company experienced non-recurring expenses during the 15-month period ended March 31, 2024 as a result of Cyclone Yaku.

21. RELATED PARTY TRANSACTIONS:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	March 31, 2024	December 31, 2022
	$	$
Management and consulting fees	1,321,240	1,920,172
Salaries and director's fees	627,940	575,149
Share-based compensation	118,270	-
	2,067,450	**2,495,321**

The Company owed $342,848 (2022- $37,932) to various related parties (included in trade accounts payable and other liabilities).

These transactions, entered into in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

22. SEGMENT REPORTING:

The Company presents and discloses segment information based on information that is regularly reviewed by the chief operating decision- maker, i.e. the President, the Chief Executive Officer and the Board of Directors for business activities from which it may earn revenues and/or incur expenses from which discrete financial information is available.

During the years ending March 31, 2024 and December 31, 2022, the Company has determined that it has three major segments:

1) mining production of Santander;

2) exploration, evaluation, and development; and

3) Corporate Management

(Expressed in US Dollars unless otherwise noted)

Significant information relating to the Corporation's reportable operating segments is summarized in the tables below: All sales are from a customer in Peru.

For the fifteen-month period ended March 31, 2024 and for the year ended December 31, 2022

		Sales	Cost of Sales	Operating expenses	Other expenses (revenues)	Income and mining taxes	Net loss
		$	$	$	$	$	$
Mining Production (Santander)	**2024**	18,724,532	29,805,847	10,389,324	2,896,817	243,827	(24,611,283)
	2022	40,591,297	41,827,007	6,635,369	279,283	2,216,422	(10,366,783)
Exploration, evaluation, and development (Quiulacocha and Excelsior)	**2024**	-	-	907,672	6,015	(53,301)	(860,386)
	2022	-	-	2,432,775	142,745	-	(2,575,520)
Corporate (Canada and other)	**2024**	-	-	3,204,778	621,808	-	(3,826,586)
	2022	-	-	2,912,601	2,501,110	-	(5,413,711)
Consolidated	**2024**	**18,724,532**	**29,805,847**	**14,501,774**	**3,524,640**	**190,526**	**(29,298,255)**
	2022	40,591,297	41,827,007	11,980,745	2,923,138	2,216,422	(18,356,015)

	Total non-current assets	Total assets	Total liabilities
			March 31, 2024
	$	$	$
Mining Production (Santander)	24,859,071	33,532,526	67,804,439
Exploration, evaluation, and development (Quiulacocha and Excelsior)	1,597,357	1,642,781	1,118,986
Corporate management (Canada and other)	-	2,234,707	9,297,739
Total per consolidated statement of financial position	**26,456,428**	**37,410,014**	**78,221,164**

	Total non-current assets	Total assets	Total liabilities
			December 31, 2022
	$	$	$
Mining Production (Santander)	16,385,870	34,170,982	43,484,261
Exploration, evaluation, and development (Quiulacocha and Excelsior)	1,410,376	1,427,894	1,345,245
Corporate management (Canada and other)	-	278,902	6,842,279
Total per consolidated statement of financial position	**17,796,246**	**35,877,778**	**51,671,785**

(Expressed in US Dollars unless otherwise noted)

23. INCOME TAXES:

(a) Relationship between expected tax expense and accounting profit and loss:

The effective income tax rate of the Company differs from the combined federal and provincial tax rate in Canada. This difference results from the following items:

	March 31, 2024	December 31, 2022
	$	$
Loss from continuing operations	(29,107,728)	(16,139,592)
Loss from discontinued operations	(11,408)	(253,328)
Loss before income taxes	(29,119,136)	(16,392,920)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.50%
Expected income tax recovery	(7,716,571)	(4,344,124)
Changes in unrecorded temporary difference	7,756,139	3,811,522
Difference in tax rates of the foreign subsidiary	187,936	199,254
Non-deductible change in fair value (non-taxable)	-	528,882
Mining tax	190,465	501,310
Accrual for prior period tax adjustments	61	1,715,112
Share-based compensation and other non-deductible expenses	2,935	89,773
Other	(230,439)	(285,307)
Income tax expense	190,526	2,216,422
Income tax expense	190,526	2,216,422
Deferred income tax expense	-	-
Income tax expense	190,526	2,216,422

(b) Composition of deferred income taxes expense (recovery) in the statement of comprehensive loss:

	March 31, 2024	December 31, 2022
	$	$
Inception and reversal temporary differences	(7,944,075)	(4,010,776)
Difference in tax rates of the foreign subsidiary	187,936	199,254
Changes in unrecorded temporary differences	7,756,139	3,811,522
Deferred income tax expense	-	-

(c) Movement in recognized deferred tax assets and liabilities during the year:

	December 31, 2022	Recognized in profit or loss	Acquisition of a mining company	Foreign exchange	March 31, 2024
	$	$	$	$	$
Accounts receivable	652	(19,984)	-	-	(19,332)
Inventories	176,075	(27,764)	-	-	148,311
Property and equipment	1,625,281	(558,841)	-	-	1,066,440
Exploration and evaluation assets	(2,400,217)	837,924	-	-	(1,562,294)
Trade accounts payables and other liabilities	544,909	(231,395)	-	-	313,514
Non-capital losses	(51,157)	(34,861)	-	-	(86,018)
Convertible debenture	51,157	34,861	-	-	86,018
	(53,301)	(61)	-	-	(53,362)

(Expressed in US Dollars unless otherwise noted)

	December 31, 2021	Recognized in profit or loss	Acquisition of a mining company	Foreign exchange	December 31, 2022
	$	$	$	$	$
Accounts receivable	67,338	(66,686)	-	-	652
Inventories	58,535	117,540	-	-	176,075
Property and equipment	98,248	1,527,033	-	-	1,625,281
Exploration and evaluation assets	(831,553)	(1,568,665)	-	-	(2,400,217)
Trade accounts payables and other liabilities	554,434	(9,524)	-	-	544,909
Non-capital losses	18,280	(69,437)	-	-	(51,157)
Convertible debenture	(18,280)	69,437	-	-	51,157
	(53,301)	-	-	-	(53,301)

(d) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

	March 31, 2024				December 31, 2022			
	Federal	Quebec	Germany	Peru	Federal	Quebec	Germany	Peru
	$	$	$	$	$	$	$	$
Property and equipment	162,436	162,436	-	1,730,606	162,206	162,206	-	18,266,895
Marketable securities	48,688	48,688	-	-	43,812	43,812	-	-
Share issuance costs	160,742	160,742	-	-	174,566	174,566	-	-
Trade accounts payables and other liabilities	(114,412)	(114,412)	-	836,410	-	-	-	51,318
Promissory note and loans	324,597	324,597	-	-	193,044	193,044	-	-
Non-capital losses carryforwards	12,699,793	12,699,793	264,739	53,647,361	9,889,331	9,908,604	253,328	17,780,487
	13,281,843	13,281,843	264,739	56,214,377	10,462,959	10,482,232	253,328	36,098,700

The ability to realize tax benefits is dependent upon a number of factors. Deferred tax assets are recognized only to the extent that is probable that sufficient profits will be available to allow the asset to be recovered. As of March 31, 2024, deferred tax assets totaling $16,801,555 ($13,499,382 on December 31, 2022) have not been recognized.

(Expressed in US Dollars unless otherwise noted)

(e) Non-capital losses:

The Company has the following non-capital losses, which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position, which can be carried over the following years:

	Federal	Quebec	Germany	Peru
	$	$	$	$
2038	193,270	193,270	-	-
2039	1,386,433	1,386,433	-	-
2040	2,508,602	2,508,602	-	-
2041	1,910,895	1,910,895	-	-
2042	2,901,706	2,901,706	-	-
2043	3,029,546	3,029,546	-	-
2044	769,342	769,342	-	-
Unlimited (1)	-	-	264,739	53,647,361
	12,699,793	12,699,793	264,739	53,647,361

(1) In the Peruvian tax system, you can either carry forward your losses for four years or carry the losses forward indefinitely but to offset only up to 50% of the taxable income for each subsequent year.

As of December 31, 2022, the Company also had a provision for past improper application of the Company's net losses of their subsidiary, Santander.

24. CASH FLOW DETAIL OF WORKING CAPITAL:

	March 31, 2024	December 31, 2022
	$	$
Change in trade receivables	4,882,026	3,444,566
Change in other receivables	1,822,078	(1,793,788)
Change in other receivables – long-term	(5,825,104)	-
Change in inventories	681,247	(210,583)
Change in prepaid expenses	358,293	(349,825)
Change in trade accounts payable and accrued liabilities	19,593,612	14,195,979
Change in restricted cash	(127,583)	(2,380,583)
Change in provisioning for rehabilitation and mine closure	-	(514,579)
Change in working capital items	**21,384,569**	**12,391,188**

(Expressed in US Dollars unless otherwise noted)

25. FINANCIAL ASSETS AND LIABILITIES:

The carrying amount and fair value of financial instruments presented in the consolidated statements of financial position related to the following classes of assets and liabilities:

	March 31, 2024		December 31, 2022	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**
Financial assets: Amortized Cost	**$**	**$**	**$**	**$**
Cash	136,721	136,721	992,301	992,301
Cash and cash equivalents - restricted	6,479,134	6,479,134	4,462,271	4,462,271
Accounts receivable	778,321	778,321	5,660,345	5,660,345
Short-term investment	11,070	11,070	10,983	10,983
Other receivables (excluding sales tax receivables)	1,007,444	1,007,444	1,128,596	1,128,596
	8,412,690	**8,412,690**	**12,254,496**	**12,254,496**
Financial assets: Fair value through profit and loss (FVTPL)				
Marketable securities	39,782	39,782	55,257	55,257
	39,782	**39,782**	**55,257**	**55,257**
Financial liabilities: Amortized cost				
Trade accounts payable and other liabilities (excluding source deductions & contributions)	52,144,979	52,144,979	27,706,279	27,706,279
Convertible debenture	1,208,623	1,208,623	922,029	922,029
Promissory note	458,159	458,159	818,719	818,719
Loan	3,597,708	3,597,708	699,453	699,453
Balance of purchase price payable	1,680,726	1,680,726	1,674,194	1,674,194
	59,090,195	**59,090,195**	**31,820,674**	**31,820,674**
Financial liabilities: Fair value through profit and loss (FVTPL)				
Contingent consideration payable	2,500,000	2,500,000	2,493,844	2,493,844
	2,500,000	**2,500,000**	**2,493,844**	**2,493,844**

The fair value of cash, cash and cash equivalents - restricted, accounts receivable, short-term investments, other receivables, trade accounts payable and other liabilities, promissory note, convertible debenture, loans, and balance of purchase price payable are comparable to their carrying amounts given the short period to maturity, i.e. the time value of money is not significant.

The fair value of the marketable securities is $39,782 as of March 31, 2024 ($55,257 as of December 31, 2022) and are determined by using the closing price of the instruments as at March 31, 2024 and December 31, 2022.

The fair values of the convertible debenture and the loan are $1,208,623 and $3,597,708 respectively as of March 31, 2024 ($922,029 and $699,453 as of December 31, 2022 for the convertible debenture and the loan) and are determined by using the estimated market rate that the Company would have obtained for a similar financing through the discounted cash flows method.

(Expressed in US Dollars unless otherwise noted)

The fair value of the contingent consideration is $2,500,000 and $2,493,844, as of March 31, 2024 and December 31, 2022 based upon the acquisition terms of Santander which included repayment of $2.5 million twelve months after the closing contingent upon the average zinc price remaining above $1.30/lb. ($2,866/ton) during this period. The fair value as of December 31, 2022 was estimated by discounting the $2.5 million owed on January 9, 2023 back to December 31, 2022 using a discount rate equivalent to the Company's average borrowing rate of 10%.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- **Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (that is, derived from prices).
- **Level 3**: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

			March 31, 2024
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Marketable securities (FVTPL)	39,782	-	-
Contingent consideration (FVTPL)	-	2,500,000	-

			December 31, 2022
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Marketable securities (FVTPL)	55,257	-	-
Contingent consideration (FVTPL)	-	2,493,844	-

26. CAPITAL MANAGEMENT POLICIES AND PROCEDURES:

The Company considers the items included in equity(deficiency) as capital components.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by production of zinc and lead-silver concentrates located at the Santander mining operations as well as identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity and long-term debt. Capital for the reporting periods is presented in the consolidated statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except otherwise noted elsewhere in the financial statements.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies, and processes for managing capital during the reporting periods.

27. FINANCIAL INSTRUMENT RISKS:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk, liquidity risk, foreign currency risk and metals pricing risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short- to medium-term cash flows by minimizing exposure to financial markets.

Credit risk:

Credit risk is the risk that the other party to a financial instrument fails to honor one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

Credit risk of accounts receivable and other receivable is considered mitigated since the sale of inventory is primarily to one customer with good credit and the expected credit losses for the other receivable are considered immaterial since the amount is guaranteed. The credit risk of cash and cash equivalents and short-term investments is considered negligible since the counterparty which holds the cash and cash equivalents is a reputable bank with an excellent external credit rating.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain sufficient cash balances and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

				March 31, 2024
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Trade accounts payable and other liabilities	53,839,715	-	-	53,839,715
Convertible debenture	1,208,623	-	-	1,208,623
Promissory note	458,159	-	-	458,159
Loans	3,568,959	28,749	-	3,597,708
Balance of purchase price payable	1,680,726	-	-	1,680,726
Contingent consideration payable	2,500,000	-	-	2,500,000
				December 31, 2022
Trade accounts payable and other liabilities	26,958,995	-	-	26,958,995
Convertible debenture	1,063,977	-	-	1,063,977
Promissory note	863,996	-	-	863,996
Loans	701,383	-	-	701,383
Balance of purchase price payable	1,674,194	-	-	1,674,194
Contingent consideration payable	2,500,000	-	-	2,500,000

Metals Pricing risk:

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it produces which sells into global markets. The market prices are the key drivers of the Company's capacity to generate cash flow.

Foreign currency risk:

The Company operates in Canada and Peru. The functional currency of the parent company is the Canadian dollar. The assets, liabilities, revenues and expenses of Peru operations are denominated in USD. The Company is exposed to foreign exchange risks arising from the fluctuation of exchange rates between US dollar and the Canadian dollar for the parent company and between Soles and US Dollar for the operations in Peru. The Company does not enter into arrangements to hedge its foreign exchange risk.

A 10% depreciation or appreciation of the USD against the Soles would result in an insignificant change in the Company's comprehensive loss and equity.

28. CONTINGENCY:

On October 5, 2018, Genius Properties Ltd. completed an Asset Transfer Agreement pursuant to which the Company transferred to Genius Metals Inc. ("Genius Metals") the ownership of all mining rights and titles, a part of its trade accounts payable and other liabilities and the other liability related to flow-through shares estimated at $23,086. In consideration for such transfer, Genius Metals issued to the Company 9,797,970 Genius Metals common shares for a consideration of $2,685,007. The transfer was recorded at the carrying amount of the assets and liabilities transferred. Notwithstanding that the liabilities related to the flow-through shares were transferred to Genius Metals, the Company retains the ultimate responsibility for the tax liability related to this financing. Genius Metals would indemnify the Company for any such liability.

29. SUBSEQUENT EVENTS:

On April 10, 2024, the Company issued 250,000 share options at an exercise price of $0.15 CAD per share to an employee, expiring on April 10, 2029. The options vest over a period of twelve months, with ¼ of the options vesting in any three-month period.

On April 10, 2024, the Company issued 150,000 share options at an exercise price of $0.15 CAD per share to a consultant, expiring on April 10, 2027. The options vest over a period of twelve months, with ¼ of the options vesting in any three-month period.

On April 23, 2024, the Company extended the expiration date of 4,283,277 warrants, with an original expiration date of May 27, 2024, to April 8, 2026. The exercise price of the extended warrants was amended from $0.50 CAD to $0.40 CAD.

On April 22, 2024, the Company converted $200,000 of their outstanding principal on their convertible note to 2,000,000 shares of common stock utilizing the previously agreed-upon conversion price of $0.10 CAD per share.

As part of the maturity extension agreement with Riverfort, the Company was contracted to issue 2,500,000 warrants in the case that the principal outstanding was not paid 3-months after the amendment date of January 31, 2024. The Company did not pay the principal outstanding, therefore issued the warrants at an exercise price of $0.15 CAD per share, which expire on May 1, 2026.

On May 24, 2024, the Company issued 25,500,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of approximately $1,843,128. Each unit consists of one common share and half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD and an additional underlying warrant at an exercise price of $0.25 CAD, with an expiration of May 24, 2026 for both instruments. The Company paid broker and finders fees of approximately 7% of total funds raised in cash and issued additional warrants, equivalent to 210,000 in warrants and 210,000 in underlying warrants.

On June 24, 2024, the Company signed an Easement Agreement with Activos Mineros (AMSAC) with the participation of the General Directorate of Mining (the Peruvian Ministry of Energy and Mines) allowing the Company to proceed with engineering studies and a 40-hole drilling program at its Quiulacocha Tailings Project ("QT Project") including the payment of approximately US$ 1 million into the Peruvian National Bank on May 29, 2024.

On July 5, 2024, the Company issued 32,980,000 units in a private placement at a price of $0.10 CAD per unit for proceeds of approximately $2,440,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 CAD, with an expiration of July 5, 2026.

On July 8, 2024 the Company issued 500,000 shares as additional consideration and in compliance with the termination agreement signed on November 24, 2023, in which the Company agreed to grant their consultant the number of shares equal to $60,000 at the date at which Cerro de Pasco was granted easement by the Peruvian government. The Company converted the shares at CAD$0.12 per share following the date of grant.

On July 17, 2024, the Company issued 50,000 shares with a value of CAD$6,000 to a consultant, which are issued quarterly for a period of one year.

On July 31, 2024, the Company paid $275,000 CAD of outstanding principal towards the convertible debenture. Furthermore, the maturity date was extended from July 1, 2024 to June 30, 2025. The Company agreed to a two-year extension of a total of 10,500,000 outstanding share purchase warrants initially issued to the lender. As a result of the extension, 3,000,000 warrants with an exercise price of $0.25 CAD will expire on November 6, 2026, 5,000,000 warrants with an exercise price of $0.15 CAD will expire on January 21, 2028, and 2,500,000 warrants with an exercise price of $0.15 CAD will expire on May 1, 2028.