



CERRO DE PASCO RESOURCES INC.

Condensed Interim Consolidated Financial Statements
(Unaudited and unreviewed by the Company's Independent Auditors)

Three-month and six-month periods ended
September 30, 2024 and 2023

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Cerro de Pasco Resources Inc., (the "Company") for the three-month and six-month periods ended September 30, 2024 and 2023 have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51 - 102 - *Continuous Disclosure Obligations*, the Company discloses that its independent auditor has not performed a review of these condensed consolidated interim financial statements.

CERRO DE PASCO RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
As of September 30, 2024 and March 31, 2024
(Expressed in US Dollars unless otherwise noted)

	Note	September 30, 2024	March 31, 2024
		\$	\$
Assets			
Current assets:			
Cash	7	2,472,284	136,721
Cash and cash equivalents - restricted	7	-	6,479,134
Accounts receivable		2,402	778,321
Other financial assets		67,018	50,852
Other receivables	9	276,019	1,030,522
Income and mining taxes receivable		-	304,956
Inventories	8	-	1,866,670
Prepaid expenses		35,462	306,410
Total current assets		2,853,185	10,953,586
Non-current assets:			
Property, plant, & equipment	10	28,439	10,554,664
Mining properties, exploration, and evaluation assets	11	2,886,312	9,546,461
Other receivables, net of current portion		-	6,355,303
Total non-current assets		2,894,751	26,456,428
Total assets		5,747,936	37,410,014
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities	12	2,287,210	53,839,715
Promissory note	15	-	458,159
Balance of purchase payable	13	1,687,102	1,680,726
Current portion of contingent consideration payable	13	2,500,000	2,500,000
Current portion of provisioning for rehabilitation and mine closure	14	-	349,559
Current portion of loans	16	952,090	3,568,959
Convertible debenture	17	897,078	1,208,623
Provision for taxes payable		-	279,058
Commitment to issue shares		-	2,064,227
Total current liabilities		8,323,480	65,949,026
Non-current liabilities:			
Loans	16	2,094,462	28,749
Provisioning for rehabilitation and mine closure	14	-	12,190,027
Deferred income tax		-	53,362
Total non-current liabilities		2,094,462	12,272,138
Total liabilities		10,417,942	78,221,164
(Deficiency) Equity:			
Share capital	18	31,836,111	27,020,881
Share subscription receivable		-	(349,894)
Warrants	18	3,997,924	1,718,039
Share options	19	898,639	691,624
Contributed surplus		2,014,903	2,310,974
Deficit		(44,186,091)	(72,954,894)
Accumulated other comprehensive income		768,508	752,120
Total shareholders' deficiency		(4,670,006)	(40,811,150)
Total liabilities and shareholders' equity (deficiency)		5,747,936	37,410,014

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

CERRO DE PASCO RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position

As of September 30, 2024 and March 31, 2024

(Expressed in US Dollars unless otherwise noted)

Going concern, see Note 2.

Contingency, see Note 21.

These financial statements were approved and authorized for issue by the Board of directors on November 26, 2024.

On behalf of the board, Steven Zadka /s/, CEO, Director

Guy Goulet /s/, Executive chairman

CERRO DE PASCO RESOURCES INC.
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

Three-month and six-month periods ended September 30, 2024 and 2023
(Expressed in US Dollars unless otherwise noted)

	Notes	Three-month period ended, September 30,		Six-month period ended September 30,	
		2024	2023	2024	2023
Expenses:					
General and administrative expenses		1,372,924	880,569	2,210,850	1,962,698
Operating income (loss) before other revenues (expenses) and income tax		(1,372,924)	(880,569)	(2,210,850)	(1,962,698)
Other revenues (expenses):					
Finance expenses, net		(154,992)	(177,884)	(338,787)	(271,289)
Change in fair value of other financial assets		18,817	8,015	16,008	(18,719)
Loss on extinguishment of note		(3,691)	-	(3,691)	-
Change in fair value of contingent consideration		-	31	-	37
Exchange gain (loss)		(12,623)	22,408	(21,420)	140,371
Gain on modification of note	16	6,279,835	-	6,279,835	-
Gain on modification of convertible debt	17	97,316	-	97,316	-
Gain on sale of subsidiaries	6	30,562,850	246,875	30,562,850	246,876
		36,787,512	99,445	36,592,111	97,276
Income (loss) before income taxes		35,414,588	(781,124)	34,381,261	(2,010,134)
Income and mining taxes		-	-	-	-
Net income (loss) from continuing operations		35,414,588	(781,124)	34,381,261	(2,010,134)
Other comprehensive income (loss) from continuing operations					
Currency translation adjustment		(33,668)	81,109	(11,364)	2,365
Other comprehensive income (loss) net of tax		(33,668)	81,109	(11,364)	2,365
Net comprehensive income (loss) from continuing operations		35,380,920	(700,015)	34,369,897	(2,007,769)
Net income (loss) from discontinued operations		(2,891,583)	(7,234,034)	(5,584,718)	(16,449,830)
Other comprehensive income (loss) from discontinued operations					
Currency translation adjustment		-	111	331	1,496
Net comprehensive income (loss) from discontinued operations		(2,891,583)	(7,934,049)	(5,584,387)	(16,448,334)
Net comprehensive income (loss) – continuing operations and discontinued operations		32,489,337	(7,934,049)	28,785,510	(18,456,103)
Net income (loss) attributable to:					
Shareholders of Cerro de Pasco Resources Inc.		32,523,006	(8,015,252)	28,796,543	(18,459,938)
Non-controlling interest		-	(17)	-	(26)
		32,523,006	(8,015,269)	28,796,543	(18,459,964)
Other comprehensive income (loss) attributable to:					
Shareholders of Cerro de Pasco Resources Inc.		(33,668)	81,417	(11,033)	3,562
Non-controlling interest		-	(197)	-	299
		(33,668)	81,220	(11,033)	3,861
Net comprehensive income (loss) attributable to:					
Shareholders of Cerro de Pasco Resources Inc.		32,489,338	(7,933,835)	28,785,510	(18,456,376)
Non-controlling interest		-	(214)	-	273
		32,489,338	(7,934,049)	28,875,510	(18,456,376)
Basic weighted average number of common shares outstanding		411,662,435	324,338,165	383,856,658	320,287,836
Diluted weighted average number of common share outstanding		572,501,876	324,338,165	527,507,096	320,287,836
Basic income (loss) per share – continuing operations		0.09	(0.00)	0.09	(0.06)
Diluted income (loss) per share – continuing operations		0.07	(0.00)	0.07	(0.06)
Basic and diluted loss per share – discontinued operations		(0.01)	(0.02)	(0.01)	(0.05)
Basic income (loss) per share		0.08	(0.02)	0.08	(0.06)
Diluted income (loss) per share		0.06	(0.02)	0.06	(0.06)

CERRO DE PASCO RESOURCES INC.

Condensed Interim Consolidated Statements of Equity (Deficiency)

Six-month period ended September 30, 2024 and March 31, 2024

(Expressed in US Dollars unless otherwise noted)

	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 at 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)
Shares and units issued:											
Private placements	79,030,000	4,710,596	-	-	-	-	-	349,894	5,060,490	-	5,060,490
Partial conversion of convertible debenture	-	-	-	-	-	-	-	-	-	-	-
Share issuance costs	-	(41,486)	-	-	-	-	-	-	(41,486)	-	(41,486)
Warrants granted as part of private placements	-	-	1,869,418	-	-	-	-	-	1,869,418	-	1,869,418
Warrants issued as penalty interest on convertible debenture	-	-	74,244	-	-	-	-	-	74,244	-	74,244
Extended Warrants	-	-	336,223	-	(336,223)	-	-	-	-	-	-
Issuance of shares as partial conversion of convertible debenture	2,000,000	146,120	-	-	-	-	-	-	146,120	-	146,120
Amended warrants	-	-	-	-	-	-	-	-	-	-	-
Share options granted	-	-	-	247,167	-	-	-	-	247,167	-	247,167
Share options forfeited	-	-	-	(40,152)	40,152	-	-	-	-	-	-
Reclassification of AOCI to retained earnings upon sale of subsidiary	-	-	-	-	-	(27,740)	27,740	-	-	-	-
Reclassification of current year AOCI to retained earnings upon sale of subsidiary	-	-	-	-	-	-	(319)	-	(319)	-	(319)
Transactions with owners	81,030,000	4,815,230	2,279,885	207,015	(296,071)	(27,740)	27,421	349,894	7,355,634	-	7,355,634
Net and comprehensive loss for the period	-	-	-	-	-	28,796,543	(11,033)	-	28,785,510	-	28,785,510
Balance as of September 30, 2024:	428,843,434	31,836,111	3,997,924	898,639	2,014,903	(44,186,0912)	768,508	-	(4,670,006)	-	(4,670,006)
Balance as at March 31, 2023:	313,175,934	24,907,215	1,207,671	1,478,267	1,303,594	(49,389,112)	741,456	(448,512)	(20,199,421)	(46,313)	(20,245,734)
Shares and units issued:											
Private placements	14,317,500	544,158	-	-	-	-	-	433,719	977,877	-	977,877
As payment of consulting fees	80,000	6,524	-	-	-	-	-	-	6,524	-	6,524
Share issuance costs	-	(37,810)	-	-	-	-	-	-	(37,810)	-	(37,810)
Warrants granted as part of private placement	-	-	519,627	-	-	-	-	-	519,627	-	519,627
Share options granted	-	-	-	183,015	-	-	-	-	183,015	-	183,015
Share options forfeited	-	-	-	(54,233)	54,233	-	-	-	-	-	-
Reclassification of non-controlling interest to retained earnings upon sale	-	-	-	-	-	(46,339)	-	-	(46,339)	46,339	-
Reclassification of AOCI to retained earnings upon sale of subsidiary	-	-	-	-	-	8,428	(8,428)	-	-	-	-
Reclassification of current year AOCI to retained earnings upon sale of subsidiary	-	-	-	-	-	-	(316)	-	(316)	-	(316)
Transactions with owners	14,397,500	512,872	422,077	128,782	54,233	(37,911)	(8,744)	433,719	1,602,578	46,339	1,648,917
Net and comprehensive loss for the period	-	-	-	-	-	(18,459,938)	3,861	-	(18,456,077)	(26)	(18,456,103)
Balance as of September 30, 2023:	327,573,434	25,420,087	1,727,298	1,607,049	1,357,827	(67,886,961)	736,573	(14,793)	(37,052,920)	-	(37,052,920)

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

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

	Six-month period ended September 30,	
	2024	2023
	\$	\$
Operating activities:		
Net income (loss)	28,796,543	(18,459,938)
Adjustments for:		
Income taxes	106,395	-
Presumed interest on mine closure provision	77,466	-
Provision for contingent taxes	-	10,389
Consulting fees paid through issuance of shares	48,305	6,524
Share-based compensation	244,250	185,799
Change in fair value of other financial assets	(15,782)	18,741
Gain on extinguishment of convertible debenture	(6,279,835)	-
Gain on modification of convertible debenture	(96,147)	-
Loss on extinguishment of debt	3,647	-
Gain on sale of subsidiary	(30,562,851)	(16,061)
Presumed interest on loan	78,607	-
Presumed interest on convertible debenture	265,939	246,043
Presumed interest on promissory note	42,024	21,203
Write-off of property, plant and equipment	3,376	-
Depreciation of property, plant, and equipment	518,965	2,101,635
Operating activities before changes in working capital items	(6,769,098)	(15,885,665)
Change in trade receivables	386,013	5,933,917
Change in other receivables	(426,866)	(1,579,371)
Change in other receivables – long-term	377,350	-
Change in inventories	143,701	(95,915)
Change in prepaid expenses	124,165	958,960
Change in income and mining taxes receivable	303,185	-
Change in trade accounts payable and accrued liabilities	4,231,766	8,796,564
Change in restricted cash	(22)	(14,544)
Change in provisioning for rehabilitation and mine closure	-	103,103
Change in working capital items	5,139,292	14,102,714
Cash flows used in operating activities	(1,629,806)	(1,782,951)
Financing activities:		
Proceeds received from shares issued	6,517,473	1,496,519
Repayment of a loan	(2,378)	(410,478)
Repayment of convertible debenture	(201,273)	(74,500)
Repayment of promissory note and interest	(677,008)	-
Proceeds from a loan	-	2,699,819
Share issuance costs	(20,391)	(37,984)
Cash flows provided by (used in) financing activities	5,616,423	3,673,376
Investing activities:		
Sale of Subsidiary, net of cash disposed of	(19,911)	(17,614)
Acquisition of property, plant, and equipment	(478,713)	(2,721,467)
Acquisition of exploration and evaluation assets	(294,733)	-
Investment in mining concessions and mining development	(1,019,481)	(76,792)
Cash flows used in investing activities	(1,812,838)	(2,815,873)
Net change in cash and cash equivalents	2,173,779	(925,448)
Cash and cash equivalents, beginning of period	136,721	1,465,169

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

Effect of exchange rate fluctuations of cash held in foreign currencies	161,784	(8,782)
Cash and cash equivalents, end of period	2,472,284	530,939
<u>Non-cash financing and investing transactions</u>		
Warrants issued as part of private placements	1,869,418	519,627
Share issuance costs attributable to broker warrants granted	22,198	-
Revaluation of amended warrants	(126,703)	-
Forfeiture and termination of options	(23,820)	(16,778)
Issuance of shares in exchange for partial outstanding principal of convertible debenture	146,120	-

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

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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.

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 205-68 de la Gare Av, Saint-Sauveur, Québec, Canada J0R 1R0 and its website is www.pascoresources.com. The Company is trading on the Canadian Securities Exchange (CSE) under symbol “CPDR”.

The company sold their subsidiary Cerro de Pasco Resources Subsidiaria del Perú S.A.C. (*formerly Trevali Peru S.A.C., “Santander”*) on August 29, 2024 (see Note 6 for details on sale). The Company maintains ownership of their other mine, Cerro de Pasco Resources Sucursal del Peru (“Sucursal del Peru”), which is still in a preoperative stage.

2. GOING CONCERN:

The accompanying condensed interim 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 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 condensed interim 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 six-month period ended September 30, 2024, the Company recorded a net income of \$28,796,543 (net loss of \$18,469,362 for the six-month period ended September 30, 2023) due mostly to the sale of the Santander mine. The accumulated deficit of \$44,186,091 as of September 30, 2024 (\$72,954,894 as at March 31, 2024) is attributable to all sectors of the Company. As of September 30, 2024, the Company had a working capital deficit of \$5,470,295 (\$54,995,440 as of March 31, 2024). These circumstances casts 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 six-month period ended September 30, 2024, the Company was able to raise additional funds of about \$6.7 million, net of issuance costs, to mitigate cash flow concerns. Furthermore, the Company disputes charges of approximately \$4.2 million, the details of which can be found in Note 13. Subsequent to period-end, the Company was able to raise approximately \$300,000 due to the exercise of outstanding warrants (see Note 21). 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.

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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

3. BASIS OF PREPARATION:

Statement of compliance:

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

Certain information, particularly the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended March 31, 2024.

Basis of measurement:

The condensed interim consolidated financial statements have been prepared on the 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 utilize a March 31 year end (Note 4). 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 ("Sucursal del Perú")	Active	Peru	Exploration	100%

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 6).

On August 29, 2024, the Company sold their full ownership interest in Cerro de Pasco Resources Subsidiaria del Perú S.A.C ("Santander") (Note 6).

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 Sucursal del Perú and Santander is USD. The functional currency of H2-Sphere is the Euro.

Use of estimates and judgments:

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim consolidated financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in the annual audited consolidated financial statements of the Company as of March 31, 2024.

New and amended standards:

The following amendments to the accounting standards became effective for annual periods beginning on or after January 1, 2024. The adoption of these reviewed standards by the Company did not have a material impact on its condensed interim financial statements.

IAS 1 – *Presentation of financial statements* was amended to clarify the classification of non-current liabilities with covenants, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period.

IFRS 16 *Leases* has amended guidance over accounting for lease liability in a sale and lease back transaction.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

4. CHANGES 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. The Company is reporting these financial statements from April 1, 2024 through September 30, 2024, which is the second period of the new fiscal year. As a result, these financial statements are not entirely comparable to the September 30, 2023 financial statements.

5. MATERIAL ACCOUNTING POLICY INFORMATION:

The accounting policies set out below have been applied consistently to all years presented in these condensed interim 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. All generated revenues are classified within discontinued operations for the Santander mine.

Non-controlling interests:

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be 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 condensed interim consolidated financial statements are presented in US dollars (see Note 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

(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 at 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 payable, convertible debenture and loan. The Company's financial liabilities designated at FVTPL include 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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 period. Diluted earnings 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. In the periods the Company recognizes a loss, 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.

The table below identifies the financial instruments utilized in the calculation of diluted earnings per share in those periods in which the Company recognized net income:

Financial Instrument	Issuable shares as of September 30, 2024
Outstanding warrants	150,945,877
Issuable and outstanding options	12,880,000
Shares issuable upon conversion of convertible debenture	9,118,060
	172,943,937

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 trading 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, stockpiles, and supplies. Finished products are valued at cost or net realizable value, whichever is lower. The finished goods 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.

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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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:

	Depreciation method	Years of useful life	
		For the six months ended	For the fifteen-month period ended
		September 30, 2024	March 31, 2024
Buildings	Straight-line	10	10
Mining unit	PU	4	4
Plant	PU	4	4
Facilities	Straight-line	10	10
Other 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 fixture	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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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 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.

In compliance with the applicable regulation, Santander committed to perform the activities set out in the Mine Closure Plan approved Directorial Resolution N° 6004-2023 MINEM-DGAAM, dated January 31, 2023. Amongst said activities, the Company had submitted a bond of an insurance policy before the Ministry of Energy and Mines ("MINEM") to secure compliance with the obligations set forth in the Mine Closure Plan. The Company requested an insurance company to issue a policy to secure the obligations undertaken related to the mine closure. In the event of foreclosure of the insurance policy, the Company has the obligation to reimburse the insurance company. To secure the reimbursement obligation, and secondary to the pledge of certain cash and fixed assets of the Santander mine, CDPR issued a letter of guarantee on behalf of the insurance company (the "Comfort letter"), should Santander fail to honor its obligation to reimburse the insurance company.

The obligation to fulfill the activities and maintain the insurance policy was assumed by the buyer of Santander, however, the comfort letter remains in effect through the termination of the insurance policy on January 18, 2025, plus an additional 15 days after the expiration date. As of September 30, 2024, and through the date these financial statements are authorized for issuance, MINEM has not foreclosed on the policy and therefore the obligation to reimburse the insurance company is not enforceable.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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, which 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 the 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 on the basis of 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 or 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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 is 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 and detailed presentation of accounts have been made within the March 31, 2024 consolidated statement of financial position. These reclassifications, most notably through the detail of other receivables, did not impact comprehensive loss or earnings per share for the comparative period and should not affect conclusions drawn from prior period financial statements.

New standards and interpretations that have not yet been adopted:

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 period ended March 31, 2024, 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

6. SALE OF SUBSIDIARIES:

H2 Sphere

On July 3, 2023, the Company sold its 80% equity interest in H2Sphere GmBh. As such, this business is included within discontinued operations for the three and six-months ended September 30, 2024. The Company has retrospectively recast its consolidated statements of operations 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 Condensed Interim Consolidated Financial Statements refers to the Company's continuing operations.

The Company received net consideration for the sale of approximately \$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.

Cerro de Pasco Resources Subsidiaria del Perú S.A.C. ("Santander")

On August 29, 2024, the Company sold its 100% equity interest in Santander through a share purchase agreement (the "SPA").

The Company received a net consideration of \$2.00 and may receive contingent consideration of up to \$10,000,000 in mining royalties. The probability of retrieving this royalty is considered remote within the terms of the agreement, therefore was not considered in the determination of the selling price of sale. Per the SPA, the additional consideration will be enforceable from the date on which commercial production has been reached in the Santander Pipe. Commercial production will be considered reached during the month lapsing of the first thirty days during which the minerals extracted from the Santander Pipe were treated consecutively for at least 70% of the capacity of the processing plant. The additional consideration shall not exceed the amount of \$10,000,000.

The SPA also stipulates that the intercompany balance currently due to Santander from both CDPR, the parent, and Sucursal del Peru, a subsidiary, in the aggregate amount of \$9,253,781 shall be payable by the Company to the buyer of Santander mine over a period of 10 years (Note 15).

The business is reported as a discontinued operation for the three and six-months ended September 30, 2024. The Company has retrospectively recast its consolidated statements of operations for all periods presented. The Company has not segregated the cash flows of this business in the consolidated statement 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 Condensed Interim Consolidated Financial Statements refers to the Company's continuing operations.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

The net assets (liabilities) relinquished upon the sale of Santander were as follows:

Cash and cash equivalents	\$	19,910
Cash and cash equivalents -restricted cash		4,589,876
Prepaid expenses		146,809
Accounts receivable		311,752
Other receivables		1,182,400
Income and mining taxes receivable		1,771
Inventories		1,722,969
Property, Plant, & Equipment		10,482,629
Mining properties, exploration, and evaluation assets		7,995,425
Intercompany loan		9,253,781
Other receivables, net of current portion		6,056,134
Deferred income tax liability		(159,757)
Trade accounts payable and other liabilities		(55,701,479)
Provisioning for rehabilitation and mine closure, current and long-term		(12,617,051)
Provision for taxes payable		(279,058)
Loans		(3,568,959)
Net liabilities	\$	(30,562,848)
Cash proceeds		2
Net gain on sale of subsidiary	\$	(30,562,850)

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

See below for a statement of comprehensive income for the three and six-month periods ended September 30, 2024 and 2023 of the discontinued operations of H2Sphere GmbH and Santander allocable to the Company:

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023	Six-month period ended September 30, 2024	Six-month period ended September 30, 2023
Revenue from Zinc, Lead, and Silver concentrate sales	1,031,914	1,160,013	1,475,533	5,675,162
Cost of sales	1,080,295	3,414,583	2,009,811	15,617,566
Gross profit (loss)	(48,381)	(2,254,570)	(534,279)	(9,942,404)
Expenses:				
Selling Expenses	16,115	42,646	42,461	544,982
Research and development expenses	2,343,520	3,616,740	4,402,209	3,616,740
General and administrative expenses	332,562	818,829	684,982	1,330,117
Operating income (loss) before other revenues (expenses) and income tax	(2,740,578)	(6,732,786)	(5,663,931)	(15,434,243)
Financial income	(31,589)	(250,442)	332,166	(417,120)
Financial expenses	(28,809)	(147,724)	(77,367)	(390,034)
Exchange gain (loss)	26,221	(103,194)	(53,809)	(175,124)
Other expenses	-	-	-	(114,462)
	(34,187)	(501,359)	200,900	(1,096,740)
Income (loss) before income taxes	(2,774,765)	(7,234,145)	(5,462,941)	(16,530,983)
Income and mining taxes	(116,818)	-	(121,777)	(63,559)
Net income (loss) from discontinued operations	(2,891,583)	(7,234,145)	(5,584,718)	(16,594,541)
Other comprehensive income (loss)				
Currency translation adjustment	-	111	331	1,496
Other comprehensive income (loss) net of tax	-	111	331	1,496
Net comprehensive income (loss) from discontinued operations	(2,891,583)	(7,234,034)	(5,584,387)	(16,593,045)
Net income (loss) from discontinued operations attributable to:				
Shareholders of Cerro de Pasco Resources Inc.	(2,891,583)	(7,234,128)	(5,584,718)	(16,594,515)
Non-controlling interest	-	(17)	-	(26)
	(2,891,583)	(7,234,145)	(5,584,718)	(16,594,541)
Other comprehensive income (loss) from discontinued operations attributable to:				
Shareholders of Cerro de Pasco Resources Inc.	-	308	331	1,197
Non-controlling interest	-	(197)	-	299
	-	111	331	1,496
Total comprehensive income (loss) from discontinued operations attributable to:				
Shareholders of Cerro de Pasco Resources Inc.	(2,891,583)	(7,233,820)	(5,584,387)	(16,593,318)
Non-controlling interest	-	(214)	-	273
	(2,891,583)	(7,234,034)	(5,584,387)	(16,593,045)

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

The below consolidated cash flow table summarizes the cash flow statement activity for the six-months ended September 30, 2024 and 2023:

Consolidated Cash Flow Summary	For the six-months ended	
	September 30, 2024	September 30, 2023
Cash flows provided by (used in) operating activities from continuing operations	\$ (2,105,186)	\$ (1,672,925)
Cash flows provided by (used in) operating activities from discontinued operations	475,381	(110,026)
Cash flows provided by financing activities from continuing operations	5,616,423	1,384,065
Cash flows provided by financing activities from discontinued operations	-	2,289,341
Cash flows used in investing activities from continuing operations	(1,270,622)	-
Cash flows used in investing activities from discontinued operations	(542,217)	(2,815,873)
Net decrease in cash and cash equivalents	2,173,779	(925,448)
Net foreign exchange differences related to continuing operations	161,784	(12,342)
Net foreign exchange differences related to discontinued operations	-	4,314
Cash and cash equivalents at beginning of period	136,721	1,464,415
Cash and cash equivalents at end of period	\$ 2,472,284	\$ 530,939

7. CASH AND CASH EQUIVALENTS:

The decrease of \$6,479,134 in restricted cash is due the relinquishment of the closure bond with the Peruvian ministry of Energy and Mines as part of the sale of Santander mine for \$4,589,854. The remaining decrease of restricted cash was due to the reclassification of restricted cash to unrestricted cash of \$1,889,280.

	September 30, 2024	March 31, 2024
	\$	\$
Cash	2,472,284	136,721
Cash and cash equivalents – restricted	-	6,479,134
	2,472,284	6,615,855

8. INVENTORIES:

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

	September 30, 2024	March 31, 2024
	\$	\$
Finished products	-	-
Stockpile	-	91,813
Supplies	-	1,774,857
	-	1,866,670

9. OTHER RECEIVABLES:

	September 30, 2024	March 31, 2024
	\$	\$
Sales tax receivable (Corporate)	42,761	23,078
Sales tax receivable (Santander)	-	6,355,303
Temporary tax on net assets (ITAN)	1,265	217,437
Refunds receivable	-	13,773
Advances to employees	-	11,028
Advances to third parties	2,213	645,593
Other receivables	229,780	119,613
	276,019	7,385,825
Current portion of other receivables	276,019	1,030,522
Non-current portion of other receivables	-	6,355,303

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

10. PROPERTY, PLANT AND EQUIPMENT ASSETS:

The movement of these items and their accumulated depreciation for the period ended September 30, 2024 is as follows:

Cost	Balance as of March 31, 2024	Additions	Write-off/ Adjustments	Transfers from Work in Progress	Exchange	Sale of Santander	Balance as of September 30, 2024
Buildings	8,003,308	-	-	-	-	(7,978,995)	24,313
Mining Unit	39,765,494	-	-	-	-	(39,765,494)	-
Plant	17,142,754	-	-	-	-	(17,142,754)	-
Facilities	7,390,452	18,900	1,669,249	-	-	(9,078,601)	-
Miscellaneous equipment	3,227,279	-	-	-	-	(3,227,279)	-
Computer equipment	129,009	2,778	-	-	56	(107,490)	24,353
Software	8,529	-	-	-	-	-	8,529
Communication equipment	166,156	-	-	-	-	(166,156)	-
Furniture and Fixtures	262,618	-	-	-	-	(222,629)	39,989
Development costs	4,302,793	-	-	(3,376)	-	(4,299,417)	-
Work in progress	3,884,804	475,984	(1,688,149)	-	-	(2,672,639)	-
	84,283,196	497,662	(18,900)	(3,376)	56	(84,661,454)	97,184

Accumulated Depreciation and Amortization	Balance as of March 31, 2024	Depreciation/ Amortization	Write-off/ Adjustments	Transfers from Work in Progress	Exchange	Sale of Santander	Balance as of September 30, 2023
Buildings	(6,736,076)	(51,106)	-	-	-	6,762,872	(24,310)
Mining Unit	(38,526,917)	(51,120)	-	-	-	38,578,037	-
Plant	(16,666,270)	(20,213)	-	-	-	16,686,483	-
Facilities	(7,088,994)	(245,094)	-	-	-	7,334,088	-
Miscellaneous equipment	(2,431,554)	(83,213)	-	-	-	2,514,767	-
Computer equipment	(121,944)	(1,173)	-	-	(72)	106,536	(16,653)
Software	(4,829)	(292)	-	-	-	-	(5,121)
Communication equipment	(164,078)	(387)	-	-	-	164,465	-
Furniture and fixtures	(243,046)	(1,349)	-	-	-	221,734	(22,661)
Development costs	(1,744,824)	(65,019)	-	-	-	1,809,843	-
	(73,728,532)	(518,966)	-	-	(72)	74,178,825	(68,745)
Net carrying value	10,554,664	(21,304)	(18,900)	(3,376)	(16)	(10,482,629)	28,439

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

11. MINING PROPERTIES, EXPLORATION AND EVALUATION ASSETS:

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

	March 31, 2024	Additions	Adjustments	Sale of Santander mine	September 30, 2024
	\$	\$	\$	\$	\$
Quiulacocho Tailings and Excelsior Stockpile					
Mining properties	1,453,246	973,160	-	-	2,426,406
Exploration and evaluation	144,111	295,795	-	-	439,906
Santander					
Exploration and evaluation	7,949,104	46,430	(109)	(7,995,425)	-
	9,546,461	1,315,385	(109)	(7,995,425)	2,866,312

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

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

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 Quiulacocho Tailings Project ("QT Project") including the payment of approximately \$1 million into the Peruvian National Bank on May 29, 2024.

Santander Mine:

On August 29, 2024, CDPR sold 100% of its 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.

12. TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES:

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

	September 30, 2024	March 31, 2024
	\$	\$
Trade accounts payable and accrued liabilities:		
Related parties	239,724	331,072
Factored payables	-	15,245,699
Income and mining taxes	16,840	13,205
Trade accounts payable	1,035,093	31,340,348
Accrued payroll and benefits	867,516	2,365,084
Accrued royalties payable	-	1,975
Trade association	-	17,351
Other payables and accrued expenses	128,037	4,524,981
	2,287,210	53,839,715

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 the 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. Due to the sale of Santander on August 29, 2024, the Company is no longer liable for the suspended payables under INDECOPI.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

13. PURCHASE PAYABLE AND CONTINGENT CONSIDERATION PAYABLE

On December 3, 2021, the Company acquired the Santander mine from Trevali (the "Seller"), and as part of the agreed-upon consideration to be paid, the Company was to be pay a sum of CAD\$1.0 million plus the amount of excess closing date working capital, minus any shortfall closing date working capital on the date of the closing. As of the date of the closing, the balance due was calculated to be approximately CAD\$2.17 million. The Company did not pay this balance at it came due and as of September 30, 2024, the remaining balance of \$1,687,102 remains outstanding within current liabilities on the balance sheet.

Additionally, as part of the acquisition of the Santander mine, the Company agreed to a contingent consideration payable of \$2,500,000. The fair value at the date of acquisition was \$1,115,816 and was recognized utilizing the FVTPL method, re-valued on a quarterly basis until fully estimable. The consideration was contingent on the average official spot price for zinc on the London Metal Exchange becoming equal to or greater than \$1.30 per pound during the period January 1, 2022 through December 31, 2022, which was attained within the time frame, therefore the full value of consideration was recognized as payable and due as of January 9, 2023. As of September 30, 2024, the full balance of \$2,500,000 remains outstanding within current liabilities on the balance sheet.

Although the Company's cumulative liability balance discloses \$4,187,102 owed to Trevali as of the date these financial statements were issued, it does not acknowledge owing this amount and will contest any claim that may be filed to this effect.

14. PROVISION FOR REMEDIATION AND MINE CLOSURE:

	September 30, 2024	March 31, 2024
	\$	\$
Opening Balance	12,539,586	14,199,137
Provision update (accretion expense)	77,466	250,097
Variation due to change in key assumptions used	-	(1,909,648)
Sale of Santander	(12,617,052)	-
	-	12,539,586
Current portion	-	349,559
Non-current portion	-	12,190,027

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 it could bring the Company. In addition to legislative measures by which the Company must guarantee the necessary funds to carry out the remediation activities.

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

	September 30, 2024	March 31, 2024
	\$	\$
Estimated costs	13,343,000	12,545,568
Useful life of mine	4	4
Claim period (years)	9	9
Discount rate (Risk free rates)	1.44%	4.20%
Inflation rate	2.30%	2.38 – 8.20%

As of December 31, 2022, in compliance with the provisions of the Regulations for the Closure of Mines approved by Supreme Decree No. 033-2005-EM, the Company 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 the 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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 CAD \$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 CAD \$0.25 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 determined to be about 39%.

The warrants were valued using the Black-Scholes pricing model with the following inputs: Share price of CAD \$0.14, 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 CAD \$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 CAD \$555,000, bearing interest of 10% per annum and payable on maturity, and a penalty fee of CAD \$110,000 is 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.

On July 5, 2024, the Company paid off the promissory note with Alpha Capital in full for CAD \$925,000, which included all principal, accrued interest, and fees.

16. LOANS:

	September 30, 2024	March 31, 2024
	\$	\$
Caterpillar Leasing Chile S.A. (a)	-	567,780
Grupo Coril Sociedad Agente de Bolsa S.A. (b)	-	3,001,179
Banque Royale Du Canada (c)	26,451	28,749
Loan from Santander (d)	3,020,101	-
	3,046,552	3,597,708
Current portion	952,090	3,568,959
Non-current	2,094,462	28,749

(a) 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 9.95%. The Company is no longer liable for this loan upon the sale of Santander

(b) 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. The Company is no longer liable for this loan upon the sale of Santander.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

(c) 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.

(d) On August 29, 2024 (the "Commencement Date"), Cerro de Pasco sold their subsidiary, Santander. As a result of the sale, the intercompany loans from Santander were reclassified as loans owed from the Company and were no longer eliminated upon consolidation. As per the terms of the sale agreement, the loan matures in 10 years from the Commencement Date. The loan accrues interest at 4% and payments begin 5 years after the Commencement Date. The Company determined the fair value of the loan as of the Commencement Date to be \$2,973,946, and the determined discount of \$6,279,834 was recognized as a gain on modification and will be accreted over the life of the loan. The discount rate was determined to be 19.76% as per a valuation specialist. The effective interest rate was deemed to be 30.15%.

17. CONVERTIBLE DEBENTURE:

	September 30, 2024	March 31, 2024
	\$	\$
Convertible debenture		
Convertible debenture capital of CAD \$1,642,709, bearing interest at 15.00% payable annually and maturing on June 30, 2025	897,078	1,208,623
	<u>897,078</u>	<u>1,208,623</u>
Current portion of convertible debenture	897,078	1,208,623
Non-current portion of convertible debenture	<u>-</u>	<u>-</u>

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 & Scholes 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. 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 CAD\$0.50 to CAD\$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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

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. The Company did not pay the principal outstanding by this date, therefore issued the warrants at an exercise price of \$0.15 CAD per share, which expire on May 1, 2026.

Additionally, on April 22, 2024, the Company decreased their balance outstanding by \$200,000 through a conversion of principal outstanding of \$200,000 CAD (\$146,120) into shares (see Note 17 for more details).

On July 30, 2024, effective July 1, 2024, the lender agreed to amend the convertible debenture. The new terms of the agreement extended the maturity date to June 30, 2025, and decreased the interest rate to 15%. The new principal was increased to \$1,367,709, which includes an extension fee of \$59,966. 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. The company accounted for this amendment as a modification of the old debt and recognized the gain through the P&L. The new effective interest rate was determined to be 15.91% and is to be accreted over the extended life of the debenture. A gain of \$97,316 was recognized as part of the modification and the fair value of the debt was determined to be CAD\$1,451,377.

On August 2, 2024, the Company paid CAD \$275,000 towards the principal balance.

On October 10, 2024, the Company converted CAD\$250,000 of principal into 1,666,666 shares and on October 25, 2024, the Company converted the remaining outstanding principal and interest of \$1,168,999 into 7,793,323 shares.

As of October 25, 2024, the convertible debenture is fully settled and has no balance outstanding.

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 September 30, 2024 the Company had 428,843,434 issued and outstanding common shares (March 31, 2024 – 347,813,434).

Transactions during the period ended September 30, 2024:

On April 22, 2024, the Company issued 2,000,000 shares of common stock in exchange for the conversion of CAD \$200,000 of principal on their outstanding convertible debenture utilizing the previously agreed-upon conversion price of \$0.10 CAD per share.

On May 24, 2024, the Company issued a total of 25,500,000 units in a private placement at a price of \$0.10 CAD per unit for proceeds of approximately \$1.2 million, net of share issuance costs. 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 underlying warrant at an exercise price of \$0.25 CAD, with an expiration of May 24, 2026 for both instruments. The Company paid \$38,442 and paid additional finder fees warrants, equivalent to 210,000 in warrants and 210,000 in underlying warrants.

On July 5, 2024, the Company issued a total of 32,980,000 units in a private placement at a price of \$0.10 CAD per unit for proceeds of approximately \$3.3 million, net of share issuance costs. Each unit consists of one common share. 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 9, 2024, the Company issued a total of 50,000 shares of common stock at a price of \$0.12 CAD per unit for proceeds of \$6,000 for consulting services.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

On July 30, 2024, the Company issued a total of 500,000 shares of common stock at a price of \$0.12 CAD per share as payment for termination fees with a vendor.

On September 26, 2024, the Company issued a total of 20,000,000 units in a private placement at a price of \$0.15 CAD per unit for proceeds of approximately \$2.2 million, net of share issuance costs. Each unit consists of one common share. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.20 CAD, with an expiration of September 26, 2026.

Transactions during the period ended September 30, 2023:

On May 17, 2023, the Company issued 40,000 common shares to two service providers valued at approximately \$4,000 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 approximately \$135,000. 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 \$0.25 CAD until May 31, 2025. The share issuance costs associated with this private placement amounted to approximately \$10,000. 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 approximately \$610,000. 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 \$0.25 CAD until June 5, 2025. The share issuance costs associated with these private placements amounted to approximately \$13,000. 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 approximately \$34,000. 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 \$0.25 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 approximately \$44,000. 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 \$0.25 CAD until June 23, 2025. The share issuance costs associated with these private placements amounted to approximately \$1,500. 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 CAD \$0.10 per unit for proceeds of approximately \$240,000. 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 CAD \$0.15 and additional warrant at an exercise price of CAD \$0.25, with an expiration of September 29, 2025 for both instruments. The Company paid an additional 8% in warrants as broker fees in connection with the private placement, equivalent to 80,000 warrants and 80,000 underlying warrants.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

Warrants:

The following table provides outstanding warrants information as of September 30, 2024:

Expiry date	Number of outstanding warrants	Exercise Price (CAD) \$	Remaining life (years)
November 26, 2024	3,000,000	0.25	0.1
March 22, 2025	8,895,000	0.25	0.5
March 24, 2025	7,160,000	0.25	0.5
March 31, 2025	9,190,000	0.25	0.5
May 31, 2025	1,968,800	0.25	0.5
June 5, 2025	8,357,500	0.25	0.7
June 20, 2025	450,000	0.25	0.7
June 23, 2025	591,500	0.25	0.7
July 18, 2025	500,000	0.50	0.8
July 26, 2025	500,000	0.50	0.8
August 26, 2025	500,000	0.50	0.9
September 26, 2025	500,000	0.50	1.0
September 29, 2025	1,705,000	0.15	1.0
September 29, 2025	**1,705,000	0.25	1.0
October 6, 2025	1,734,000	0.15	1.0
October 6, 2025	**1,734,000	0.25	1.0
October 26, 2025	400,000	0.25	1.1
November 20, 2025	5,525,000	0.15	1.1
November 20, 2025	**5,525,000	0.25	1.1
November 26, 2025	400,000	0.25	1.1
December 22, 2025	400,000	0.25	1.2
January 26, 2026	400,000	0.25	1.3
January 17, 2026	1,260,900	0.15	1.3
January 17, 2026	**1,260,900	0.25	1.3
February 26, 2026	400,000	0.25	1.4
March 28, 2026	1,600,000	0.15	1.5
March 28, 2026	**1,600,000	0.25	1.5
April 8, 2026	4,283,277	0.40	1.5
May 24, 2026	12,960,000	0.15	1.6
May 24, 2026	**12,960,000	0.25	1.6
July 5, 2026	32,980,000	0.15	1.8
September 26, 2026	10,000,000	0.20	2.0
November 8, 2026	3,000,000	0.25	2.1
January 31, 2028	5,000,000	0.15	3.3
May 1, 2028	2,500,000	0.15	3.6
	150,945,877	0.21	1.4

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

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

19. SHARE-BASED COMPENSATION:

Share option plan:

The Company had 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.

On October 31, 2024, the Board of Directors moved to adopt a new fixed number stock option plan (the "New Plan") to replace the Rolling stock option plan, which the Company adopted in 2016. The Board approved 30,000,000 common shares to be allotted and reserved for issuance under the New Plan.

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 following table provides outstanding share options information as of September 30, 2024:

Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			\$	(years)
August 28, 2025	2,590,000	2,590,000	0.40	0.9
September 5, 2025	1,400,000	1,400,000	0.20	0.9
March 2, 2027	1,040,000	1,040,000	0.40	2.4
April 10, 2027	150,000	150,000	0.15	2.5
September 5, 2028	3,450,000	3,450,000	0.20	3.9
April 10, 2029	250,000	250,000	0.15	4.5
September 29, 2029	12,400,000	12,400,000	0.20	5.0
	21,280,000	21,280,000	0.23	3.9

20. 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:

	Three-month period ended		Six-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	\$	\$	\$	\$
Management and consulting fees	188,572	595,515	382,178	595,515
Salaries and director's fees	94,453	246,891	193,024	263,448
Share-based compensation	139,752	105,821	139,752	105,821
	422,777	948,227	714,954	964,784

As of September 30, 2024, the Company owed \$239,724 (March 31, 2024 - \$342,848) to various related parties (included in trade accounts payable and other liabilities).

These transactions, entered 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.

CERRO DE PASCO RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month period ended September 30, 2024 and 2023

(Expressed in US Dollars unless otherwise noted)

21. 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 its financing. Genius Metals would indemnify the Company for any such liability.

22. SUBSEQUENT EVENTS:

On October 7, 2024, the Company issued 50,000 shares with a value of CAD \$6,000 to a consultant.

On October 10, 2024, the Company elected to convert a portion of the indebtedness outstanding on their convertible debenture in the amount of CAD \$250,000 for 1,666,666 shares, converted at the agreed-upon conversion rate of CAD \$0.15 per share.

On October 23, 2024, a warrant holder paid approximately \$14,000 to exercise 125,000 of their warrants outstanding in exchange for 125,000 of the Company’s common stock, at an exercise price of CAD\$0.15 per share.

On October 25, 2024, the Company elected to convert the total remaining indebtedness on their convertible debenture in the amount of CAD \$1,168,999 for 7,793,323 shares, converted at the agreed-upon conversion rate of CAD \$0.15 per share.

On October 25, 2024, various warrant holders paid an aggregate of approximately \$150,000 to exercise 800,000 warrants outstanding in exchange for 800,000 of the Company’s common stock, at an exercise price of CAD\$0.20 per share.

On October 29, 2024, various warrant holders paid an aggregate of approximately \$11,000 to exercise 70,080 warrants outstanding in exchange for 70,080 of the Company’s common stock. 25,000 warrants were exercised at an exercise price of CAD\$0.15 and 45,080 warrants were exercised at an exercise price of CAD\$0.25 per share.

On November 6, 2024, various warrant holders paid an aggregate of approximately \$6,000 to exercise 50,000 warrants outstanding in exchange for 50,000 of the Company’s common stock, at an exercise price of CAD\$0.15 per share.

On November 8, 2024, two warrant holders paid an aggregate of approximately \$23,000 to exercise 120,000 warrants outstanding in exchange for 120,000 of the Company’s common stock, at an exercise price of CAD\$0.25 per share.

On November 11, 2024, a warrant holder paid approximately \$19,000 to exercise 100,000 warrants outstanding in exchange for 100,000 of the Company’s common stock, at an exercise price of CAD\$0.25 per share.

On November 18, 2024, a warrant holder paid approximately \$6,000 to exercise 50,000 warrants outstanding in exchange for 50,000 of the Company’s common stock, at an exercise price of CAD\$0.15 per share.