PERUVIAN METALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FIFTEEN MONTHS ENDED MARCH 31, 2024 AND YEAR ENDED DECEMBER 31, 2022

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Peruvian Metals Corp.

Opinion

We have audited the consolidated financial statements of Peruvian Metals Corp. and its subsidiaries (together, the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and December 31, 2022, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the fifteen months ended March 31, 2024 and the year ended December 31, 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024 and December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the fifteen-months ended March 31, 2024 and the year ended December 31, 2022 in accordance with International Financial Reporting Standards ("IFRSs").

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements which indicates that as at March 31, 2024 the Company has an accumulated deficit of $52,928,398 and a working capital deficiency of $10,621. These events or conditions along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the fifteen months ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described above in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to be communicated in our report.

Zeifmans

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A") but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the MD&A identified above and, in doing so, consider whether the MD&A is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditors' report. If, based on the work we have performed on this MD&A, we conclude that there is a material misstatement of this MD&A, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audits to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audits. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is Laurence W. Zeifman, CPA, CA.

Zeifmans LLP

Toronto, Ontario
September 6, 2024

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT

	March 31, 2024 $	December 31, 2022 $
ASSETS		
CURRENT		
Cash (Note 17d)	**107,199**	215,956
Prepaid expenses	**42,760**	36,855
Amounts receivable (Note 17d)	**185,086**	244,772
Note receivable (Note 22)	**108,400**	-
Sales tax receivable	**13,498**	35,189
Inventory (Note 7)	**15,079**	50,289
Investments (Note 6)	**22,793**	78,838
TOTAL CURRENT ASSETS	**494,815**	661,899
PROPERTY, PLANT AND EQUIPMENT (Note 10)	**1,336,068**	1,445,561
TOTAL ASSETS	**1,830,883**	2,107,460
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilites	**439,340**	490,016
Due to related parties (Note 9)	**66,096**	140,623
TOTAL CURRENT LIABILITIES	**505,436**	630,639
ASSET RETIREMENT AND RECLAMATION OBLIGATIONS (Note 11)	**238,430**	223,690
TOTAL LIABILITIES	**743,866**	854,329
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 12(a))	**53,472,540**	53,373,066
WARRANT RESERVE (Note 12(b))	**-**	23,340
SHARE-BASED PAYMENT RESERVE (Note 13)	**273,750**	298,541
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 4k)	**115,036**	-
ACCUMULATED DEFICIT	**(52,928,398)**	(52,737,943)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	**932,928**	957,004
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**154,089**	296,127
TOTAL SHAREHOLDERS' EQUITY	**1,087,017**	1,253,131
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,830,883**	2,107,460

GOING CONCERN (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 19)

SUBSEQUENT EVENTS (Note 22)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Dan Hamilton*", Director

Signed "*Jeffrey Reeder*", Director

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)
FOR THE

	Fifteen months ended March 31, **2024** **$**	Year ended December 31, 2022 $
MINERAL PROCESSING REVENUE	**2,980,937**	2,343,979
PLANT OPERATING COSTS (Note 15)	**(1,750,149)**	(1,433,632)
INCOME FROM PROCESSING PLANT OPERATIONS	**1,230,788**	910,347
General and administrative (Note 16)	**(847,061)**	(616,306)
Exploration and evaluation expenditures	**(318,472)**	(359,872)
INCOME (LOSS) BEFORE THE FOLLOWING:	**65,255**	(65,831)
Gain on sale of mineral concessions	**-**	673,916
Interest income	**2,750**	24,395
Loss on disposal of property, plant and equipment (Note 10)	**(13,841)**	-
Accretion expense (Note 11)	**(14,740)**	(10,652)
Depreciation (Note 10)	**(26,627)**	(20,221)
Unrealized gain (loss) on investments (Note 6)	**133,405**	(162,878)
Foreign currency translation gain (loss)	**132,876**	(202,225)
Realized loss on sale of investments (Note 6)	**(117,069)**	(221,790)
INCOME BEFORE INCOME TAXES FOR THE PERIOD	**162,009**	14,714
Current income tax expense (Note 21)	**(118,036)**	(115,344)
NET INCOME (LOSS) FOR THE PERIOD	**43,973**	(100,630)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that may be reclassified subsequently to profit and loss:		
Foreign translation differences for foreign operations	**143,795**	-
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**187,768**	**(100,630)**
ATTRIBUTABLE TO:		
Non-controlling interest	**269,928**	231,132
Shareholders of the Parent	**(225,955)**	(331,762)
NET INCOME (LOSS) FOR THE PERIOD	**43,973**	(100,630)
ATTRIBUTABLE TO:		
Non-controlling interest	**298,687**	-
Shareholders of the Parent	**(110,919)**	-
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**187,768**	**(100,630)**
Loss per share - basic and diluted (Note 14)	**(0.002)**	(0.003)
Weighted average number of common shares		
Outstanding - basic and diluted	**99,645,651**	98,577,115

See accompanying notes to the consolidated financial statements

PERUVIAN METALS CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024 AND THE YEAR ENDED DECEMBER 31, 2022

	Notes	Share Capital $	Warrant Reserve $	Share-based Payment Reserve $	Accumulated Deficit $	Accumulated Other Comprehensive Income $	Equity Attributable to Shareholders of the Parent $	Non-Controlling Interest $	Total Shareholders' Equity $
Balance, December 31, 2021		**53,291,789**	**23,720**	**347,753**	**(52,421,416)**	**-**	**1,241,846**	**64,995**	**1,306,841**
Shares issued for cash - exercise of options	12,13	78,977	-	(33,977)	-	-	45,000	-	45,000
Shares issued for cash - exercise of warrants		4,180	(380)	-	-	-	3,800	-	3,800
Share issuance costs	10	(1,880)	-	-	-	-	(1,880)	-	(1,880)
Options expired		-	-	(15,235)	15,235	-	-	-	-
Net (loss) income		-	-	-	(331,762)	-	(331,762)	231,132	(100,630)
Balance, December 31, 2022		**53,373,066**	**23,340**	**298,541**	**(52,737,943)**	**-**	**957,004**	**296,127**	**1,253,131**
Shares issued for cash - exercise of options	12,13	68,541	-	(28,541)	-	-	40,000	-	40,000
Shares issued for cash - exercise of warrants	12	31,240	(2,840)	-	-	-	28,400	-	28,400
Share issuance costs	12	(307)	-	-	-	-	(307)	-	(307)
Options expired		-	-	(15,000)	15,000	-	-	-	-
Warrants expired		-	(20,500)	-	20,500	-	-	-	-
Share based payments		-	-	18,750	-	-	18,750	-	18,750
Unrealized gain on translation of foreign operations		-	-	-	-	115,036	115,036	28,759	143,795
Dividends paid		-	-	-	-	-	-	(440,725)	(440,725)
Net (loss) income		-	-	-	(225,955)	-	(225,955)	269,928	43,973
Balance, March 31, 2024		**53,472,540**	**-**	**273,750**	**(52,928,398)**	**115,036**	**932,928**	**154,089**	**1,087,017**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE

	Fifteen months ended March 31, 2024	Year ended December 31, 2022
	$	$
CASH FLOWS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net icome (loss) for the period	**43,973**	(100,630)
Items not requiring cash:		
Share based payments (Note 13)	**18,750**	-
Depreciation	**205,071**	235,074
Accretion expense (Note 11)	**14,740**	10,652
Realized loss on sale of investments	**117,069**	221,790
Unrealized (gain) loss on investments (Note 6)	**(133,405)**	162,878
Foreign currency translation (gain) loss	**(132,876)**	202,225
Loss on disposal of property, plant and equipment (Note 10)	**13,841**	-
Gain on sale of mineral concessions (Note 8)	**-**	(673,916)
Changes in non-cash operating working capital:		
Prepaid expenses and advances	**(5,905)**	(28,763)
Amounts receivable, notes receivable and sales tax receivable	**(27,023)**	(65,540)
Inventory	**35,210**	(24,955)
Accounts payable and accrued liabilities	**(50,676)**	(142,690)
Due to related parties (Note 9)	**(74,527)**	(10,430)
Cash flows provided by (used in) operating activities	**24,242**	(214,305)
INVESTING ACTIVITIES		
Additions to property, plant and equipment (Note 10)	**(87,197)**	(37,982)
Proceeds on sale of investments (Note 6)	**72,381**	174,970
Proceeds on sale of mineral concessions (Note 8)	**-**	124,770
Cash flows (used in) provided by investing activities	**(14,816)**	261,758
FINANCING ACTIVITIES		
Share issue costs (Note 12)	**(307)**	(1,880)
Shares issued for cash - exercise of options (Note 12, 13)	**40,000**	45,000
Shares issued for cash - exercise of warrants (Note 12)	**28,400**	3,800
Dividends paid to non-controlling interest of subsidiary	**(440,725)**	-
Cash flows (used in) provided by financing activities	**(372,632)**	46,920
Effect of exchange rates on cash	**254,449**	(202,225)
Decrease in cash	**(108,757)**	(107,852)
Cash, beginning of the period	**215,956**	323,808
Cash, end of the period	**107,199**	215,956

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

Peruvian Metals Corp. (“Peruvian Metals”, and with its subsidiaries, the “Company”) is a publicly listed company originally incorporated in British Columbia and subsequently continued federally under the Canada Business Corporations Act. Effective September 5, 2018 Peruvian Metals changed its name from Duran Ventures Inc. to Peruvian Metals Corp. Peruvian Metals’ common shares have been listed on the TSX Venture Exchange (“TSXVE”) since July 4, 2007, and trade under the symbol “PER”. The Company is engaged in mineral processing and the exploration and development of mineral properties in Peru. The Company’s principal office is located at 250 Southridge NW, Suite 300, Edmonton, AB, Canada T6H 4M9 and substantially all the Company’s corporate and administrative expenses are incurred in Canada.

On February 8, 2024, Peruvian Metals Corp. changed its fiscal year end from December 31 to March 31 as the Company anticipates that a fiscal year end of March 31 will allow it to complete its audit requirements with greater efficiency and will better align the Company’s financial reporting periods to that of its peer group in the mineral resources and development sector, which will allow investors to more easily compare quarterly and annual financial results. With this year-end change, the Company reports a one-time transactional period for the fifteen months ended March 31, 2024.

The comparatives presented in these consolidated financial statements for consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders’ equity and cash flows are not entirely comparable because of change in the accounting year-end date.

2. GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining and milling operations. The recoverability of the carrying value of exploration and evaluation assets and property, plant and equipment and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company’s assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory, social and environmental requirements.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

For the fifteen months ended March 31, 2024, the Company realized a net income of $43,973 (year ended December 31, 2022 – loss of $100,630), had a positive cash flow from operations of $24,242 (year ended December 31, 2022 – negative cash flow of $214,305), and at that date had a working capital deficit of $10,621 (December 31, 2022 – surplus of $31,260) and an accumulative deficit of $52,928,398 (December 31, 2022 - $52,737,943).

Management is aware, in making its assessment, of material uncertainties related to events or conditions that could cast significant doubt upon the Company's ability to continue as a going concern. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements may be required.

3. BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of Peruvian Metals and its wholly owned subsidiaries, Empresa Querco SAC ("Querco") to April 21, 2022 (Note 7), Mamaniña Exploraciones SAC ("Mamaniña Exploraciones"), Hatum Minas SAC ("Hatum Minas"), Magellan Gold Peru SAC, and it's 80% owned subsidiary companies Minera Aguila de Ora SAC ("Madosac") and Insumos Y Minerales del Notre SRL ("Insumos"), all of which are incorporated in Peru. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. Dividends in the current period were paid by Madosac to the non-controlling interest shareholder.

All inter-company balances and transactions have been eliminated. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statements of financial position.

During the current period, the Company presented the plant operating costs after mineral processing revenue in the consolidated statements of income (loss) and comprehensive income (loss), instead of placing it with other expenses. The Company also presented income from processing plant operations separately. Comparative amounts were rearranged to conform to the current year's presentation. Such rearrangement of comparative figures has been made for a better presentation of Company's financial performance and carries no financial effect on the profit or loss or shareholders' equity.

4. MATERIAL ACCOUTING POLICY INFORMATION

(a) Statement of Compliance

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company has consistently applied the accounting policies used in preparation of these consolidated financial statements throughout all the periods presented. Significant accounting judgements and estimates used by management in the preparation of these consolidated financial statements are presented in Note 5.

The policies applied in these consolidated financial statements are based on the IFRS issued and effective as of March 31, 2024. These consolidated financial statements were approved and authorized for issue by the Board of Directors on September 6, 2024.

The Company's Board of Directors have the power to amend the consolidated financial statements after their issue.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Basis of preparation

The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its wholly owned subsidiaries except for Madosac for which the functional currency is the Peruvian Sol. The consolidated financial statements are prepared on the historical cost basis except for marketable securities which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and management has determined that there are no standards that are expected to have a significant impact on the consolidated financial statements of the Company.

IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to IAS 1. The amendments aim to promote consistency in applying the requirement by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting into equity. The amendments are effective for annual reporting periods on or after January 1, 2024, with earlier application permitted. The amendments are not expected to have a material impact on the Company’s consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 was issued by the IASB in April 2024, with mandatory application of the standard in annual reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of IFRS 18 on the consolidated financial statements. No standards have been early adopted in the current period.

(d) Changes in accounting standards

IAS 1 - Presentation of Financial Statements
Amendments to IAS1, Presentation of Financial Statements (effective January 1, 2023) will help companies provide useful accounting policy disclosures. The key amendments to IAS 1 will require companies to disclose material accounting policies rather than their significant policies and clarifies that accounting policies relating to immaterial transactions need not to be disclosed and not all accounting policies that relate to material transactions are material to a company's financial statements. In addition, the amendment also clarifies the classification of liabilities as current or non-current.

The Company adopted this amendment as of January 1, 2023 with no impact on its the consolidated financial statements for the fifteen months ended March 31, 2024 and year ended December 31, 2022.

(e) Share-based payments

The share option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is estimated at the grant date and each tranche is recognized on a graded vesting basis over the period during which the options vest. The fair value of the options granted is estimated using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. At each reporting date, the amount recognized in profit and loss is adjusted to reflect the actual number of share options that are expected to vest.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

The offset to the recorded cost is to share-based payments reserve.

Upon expiry of share options, the recorded value is transferred to deficit from share-based payment reserve.

(f) Share capital

Where the Company issues common shares and warrants together as units for cash, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants. Consideration received for the exercise of options and warrants is recorded in share capital and the related amount recognized in share-based payment reserve is transferred to share capital. Distributions to shareholders are recorded as a reduction to equity at the fair value of the assets to be distributed. Upon expiry of warrants, the recorded value is transferred to the deficit from the warrant reserve.

(g) Income taxes

Income tax for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Deferred taxes

Deferred income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities.

Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The effect on deferred income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted.

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

Current tax

This is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end adjusted for amendments to tax payable with regards to previous years.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Exploration and evaluation assets and expenditures

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interest for that project, and subsequent costs incurred for the development of that project, are capitalized as mineral properties, a component of property, plant and equipment.

All mineral property interest are monitored for indications of impairment at each financial position reporting date. Where potential impairment is indicated, assessments are performed for each area of interest. To the extent that acquisition costs are not expected to be recovered, it is charged to results of operations.

Although the Company has taken steps to verify the title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures so not guarantee the Company's title.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized. Where an item of property, plant and equipment or mine properties comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset.

The expected useful lives used to compute depreciation is as follows:

Computer equipment	4 years straight line basis
Field equipment	4 to 15 years straight line basis
Office furniture and equipment	4 years straight line basis
Plant	10 years declining-balance basis
Vehicles	10 years declining-balance basis

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Impairment of non-financial assets

At each reporting date the carrying amounts of the Company's property, plant and equipment and exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations for the period.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. This generally results in the Company evaluating its non-financial assets on a geographical or license basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(k) Foreign currencies

The determination of functional currency for each company requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods or services. There is judgement in determining whether the functional currency is Peruvian Sol or Canadian Dollars.

The additional factors for consideration under IFRS which include examining (a) the currency of the financing activities, (b) the currency in which the receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether the transactions between the entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations.

Management evaluates the underlying transactions, events and conditions to determine the functional currency at the end of each reporting period. Madosac subsidiary's functional currency was determined to be Peruvian Sol at the end of March 31, 2024 as its operations became more self-sustaining. As required under IAS 21, management applied the change in the functional currency for Madosac subsidiary prospectively.

Monetary assets and liabilities are translated to Canadian dollars at the rate in effect at the reporting date. Non-monetary items are translated at historical rates. Revenue and expenses are translated at the average exchange rate for the period. The resulting gain or loss is included in the consolidated income (loss). Assets and liabilities of foreign operations having different functional currency are translated to presentation currency using the reporting date exchange rate and revenue and expenses are translated at average rate for the period, with net gain or loss recognized in consolidated other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Financial assets and liabilities

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Cash, amounts receivable and notes receivable are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is

calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVTPL
Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of income (loss) and comprehensive income (loss). The Company measures its investment at FVTPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of income (loss) and comprehensive income (loss). When the investment related to equity instruments is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Level 1 – quoted prices(unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

(m) Impairment of financial assets

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimate future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognizes lifetime ECLs for trade receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Definition of default
For internal credit risk management purposes, the Company considers a financial asset not recoverable if the customer balance owing is 180 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

Write off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(n) Financial liabilities

Recognition and initial measurement
The Company recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Classification and subsequent measurement Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Classification and subsequent measurement
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Accounts payable and accrued liabilities and due to related parties are measured at amortized cost.

Derecognition of financial liabilities
The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

(o) Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged to profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized costs. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

Other provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash flow and timing can be reliably estimated.

(p) Revenue recognition

Revenue is comprised of processing fees earned in operation of the mineral processing plant and is recognized when the Company satisfies the performance obligation associated with mineral processing. Typically this is accomplished when control over the processed mineral base and precious metals is passed from the Company to the buyer. Factors that may indicate the point in time at which control passes include:

- The Company has transferred to the purchaser the significant risks and rewards of ownership;
- The Company has transferred legal title to the asset sold to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The Company has transferred physical possession of the asset to the purchaser;
- The Company has present right to payment; and
- The purchaser has accepted the asset.

Prior to revenue being recognized, the Company must have an enforceable sales contract, in accordance with customary business practices that clearly outline each party's rights regarding the services to be provided, payment terms, etc.; the contract must have economic substance; and it must be probable that the Company will ultimately receive payment.

Revenue is measured at the fair value of consideration received or receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) Income/ (loss) per share

Basic income (loss) per common share is calculated by dividing the loss attributed to shareholders of the parent after adjusting for non-controlling interests, for the period by the weighted average number of common shares outstanding in the period. Diluted income (loss) per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. In the Company's case, diluted loss per share is the same for the fifteen months ended March 31, 2024 and year ended December 31, 2022 as basic income (loss) per share as the effects of including all outstanding options and warrants would be anti-dilutive.

(r) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues, incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company operated in one business segment, mineral processing and exploration and two geographical segments, Peru and Canada, during the fifteen months ended March 31, 2024 and year ended December 31, 2022.

(s) Cash

The Company holds all its cash at major Canadian and Peruvian financial institutions and has no cash equivalents.

(t) Leases

The Company recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position initially measured as the present value of future lease payment and recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement. Lease payments, including both principal and interest components, are recognized within the consolidated statement of cash flows within financing activities. For short-term leases (lease terms of 12 months or less) and leases of low-value or immaterial assets, the Company has opted to recognize these lease payments as expenses on the consolidated income statement. This expense is presented within operating expenses.

(u) Inventory

The cost of inventory, which consist of ore stockpiles purchased by the Company to be processed, and consumables and chemical reagents used in the milling process, is comprised of the cost to purchase and the costs incurred to transport the material to the Company's plant.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Estimated useful lives, assets' carrying values and impairment charges
  Amortization of property, plant and equipment is dependent upon estimates of useful lives based on management's judgment. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of decommissioning and restoration costs and the timing of expenditure
  Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes
  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations.

  The Company's interpretation of taxation law as applied to transaction and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Determination of functional currency
  Functional currency is determined annually for each entity based on a set of primary and secondary factors that include; the currency that influences sales prices for goods and services; the currency of the country that determines the sales prices of goods and services; the currency that mainly influences the costs of providing goods and services; the currency in which funds from financing activities are generated; the currency in which receipts from operating activities are usually retained. When the factors do not provide clear indicators, management judgement must be applied in the determination of functional currency.

- Inventory
  Management applies estimate to the provisions recorded to reduce the carrying amount of inventory to net realizable value to reflect changes in grades, quantity or other economic factors and to reflect current intentions for the use of redundant or slow-moving items.

- Expected credit losses
  Management must exercise judgment to estimate the expected credit losses related to various financial assets. The evaluation of the expected credit losses is established considering the specific credit risk to its counterparties, historical trends and economic conditions.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

- Going concern
  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned projects, acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

6. INVESTMENTS

Pursuant to the sale of the Panteria porphyry copper project (the "Panteria Project") (see Note 8), the Company received 9,275,000 common shares of Gold State Resources Inc, valued at $417,375. On October 31, 2022, Gold State Resources completed a 10:1 share consolidation of its outstanding common shares and announced a name change to International Metals Mining Corp. ("IMMC"). As at March 31, 2024 the Company held 506,500 (December 31, 2022 – 927,500) shares in IMMC, classified as financial assets at FVTPL, carried at a fair value, with unrealized gains/losses recognized in operations.

During the fifteen months ended March 31, 2024, the Company sold 421,000 common shares of IMMC for net proceeds of $72,381 and recorded a realized loss of on sale of investments of $117,069 (December 31, 2023 - $221,790). As at March 31, 2024, the Company has 506,500 IMMC common shares remaining.

As at March 31, 2024, the Company has adjusted the fair value of its investment in IMMC to $0.05 (December 31, 2022 - $0.15) per common share in line with the market closing price and recognized an unrealized gain of $133,405 for the fifteen months then ended (year ended December 31, 2022 – loss of $162,878) which was recorded in the consolidated statements of income (loss) and comprehensive income (loss).

In 2022, the Company sold 660,000 Silver X common shares for net proceeds of $174,970. As at March 31, 2024 and December 31, 2022, the Company held no Silver X common shares remaining.

7. INVENTORY

The Company's inventory at March 31, 2024 comprised of ore stockpiles of $Nil (December 31, 2022 - $34,656) and plant consumables $15,079 (December 31, 2022 - $15,633). Inventory in the amount of $874,765 was recognized as an expense for the fifteen months ended March 31, 2024 (year ended December 31, 2022 - $954,031).

8. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Palta Dorado Property, Peru

On January 9, 2020, the Company signed a Memorandum of Understanding ("MOU") with Rio Silver Inc. ("Rio Silver") to initially establish a small-scale mining operation on the Palta Dorado Au-Ag-Cu Property ("Palta Dorado" or the "Property") located in the Ancash Mining Department in Northern Peru. The MOU led to a 50-50 ownership between Peruvian Metals and Rio Silver in a Peruvian company (the "Joint Venture"). Equal ownership occurred when Peruvian Metals equally matched Rio Silver's capital investment in the Property of US $250,000 in 2021. These capital expenditures included permitting, property taxes, camp construction, property wide exploration and any infrastructure needed for mining. The profits on the sale of concentrates would be shared between Rio Silver and Peruvian Metals after operational expenses outlined in the MOU. Operational expenses related to mining will be shared by both companies. Operational expenses will include mining, transportation of mineral and concentrates, support staff, consumable and logistics. Peruvian Metals' 80% owned plant would also charge the Joint Venture commercial mineral processing rates as other clients and will be considered as an operational expense. Peruvian Metals' is to act as the operator of the Joint Venture and to be responsible to obtain the small-scale permits related to the mining. At March 31, 2024, the Company and Rio Silver shared a common director.

8. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

During the year ended December 31, 2022, the Company signed an amended Memorandum of Understanding, confirming the Company completed its US $250,000 in capital expenditures by December 31, 2021 and a definitive joint venture agreement remains outstanding.

On January 12, 2024, the Company agreed to purchase Rio Silver's 50-per-cent interest in Palta Dorada. Peruvian Metals is to pay Rio Silver US$250,000 over five months starting January . Rio Silver is to retain a 3-per-cent net smelter royalty which is capped at $2 million (U.S.). In addition, Peruvian Metals has agreed to pay a minimum of US$50,000 per year toward the royalty for a period of five years. As at March 31, 2024, the Company has paid US$75,000 of the US$250,000 due. Subsequent to March 31, 2024, the Company and Rio Silver agreed to an extension of the payment schedule to September 31, 2024.

Panteria Project

On April 21, 2022, the Company completed the sale of mineral concessions belonging to the Panteria Project to IMMC. The total consideration for the sale of the Panteria Project was $256,540 ($200,000 US) cash and $417,376 shares (9,275,000 shares) for aggregate proceeds of $673,916 to be paid in two equal installments. In addition to the cash and shares, a 1% NSR has been granted to the Company.

An initial payment of $10,000 was received by the Company on signing of a letter of intention on November 23, 2021. Peruvian Metals also agreed to sell its interest in Querco to IMMC for $7,000. This already established legal business entity expedited the transaction in Peru by setting up a Peruvian holding company for IMMC. Upon signing the sales agreement, IMMC paid the Company the first installment of $124,770 ($100,000 US) and issued 4,637,500 shares of the Company. As at March 31, 2024, the second installment of the 4,637,500 shares has been received and the second cash payment of $100,000 US is to be received in 2024 and is included in amounts receivable on the consolidated statement of financial position.

Additional bonus/milestone payments by IMMC include $750,000 (not received) on or before the completion date of 10,000 metres of drilling on the Panteria Project, and additional $750,000 (not received) on or before the completion date of 20,000 metres of drilling on the Panteria Project. At the sole election of IMMC, these payments can be made in cash or by the issuance of common shares of IMMC at their market value at the time of issuance, provided that such issuance is not to result in the Company holding 10% or more of the issued and outstanding shares of IMMC following such issuance.

Minas Visca Project

In November 2021, the Company acquired a 100% interest in a high-grade silver-lead-zinc property by a closed bid auction at the Peruvian Public Registry of Mining. The property covers an area of approximately 94 hectares and includes several old mine workings. The property is road accessible from Lima by a well paved highway and by 50 kilometres of dirt road. The area is underlain by tertiary volcanics belonging to the prospective Calipuy formation.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

Related parties include officers of the Company, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including the directors of the Company. The remuneration of key management personnel of the Company for the fifteen months ended March 31, 2024 and the year ended December 31, 2022 were as follows:

	Fifteen months ended March 31, **2024** **$**	Year ended December 31, 2022 $
Aggregate compensation	**383,286**	327,500

See note 19.

As at March 31, 2024, a balance of $66,096 (December 31, 2022 - $140,623) was due to certain officers and directors of the Company relating to unpaid compensation. Amounts payable are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars)

10. PROPERTY, PLANT AND EQUIPMENT

All of the Company's property, plant and equipment at March 31, 2024 and December 31, 2022, was located in Peru.

Cost	Office furniture and equipment	Computer equipment	Vehicles and field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2021	**19,578**	**2,895**	**102,265**	**2,203,497**	**2,328,235**
Additions	1,263	1,728	13,017	21,974	37,982
Adjustment to asset retirement obligations	-	-	-	(46,759)	(46,759)
Balance at December 31, 2022	**20,841**	**4,623**	**115,282**	**2,178,712**	**2,319,458**
Additions	754	-	6,024	80,419	87,197
Disposals	(728)	(966)	(21,914)	-	(23,608)
Foreign currency translation	-	-	-	32,018	32,018
Balance at March 31, 2024	**20,867**	**3,657**	**99,392**	**2,291,149**	**2,415,065**

Amortization and impairment	Office furniture and equipment	Computer equipment	Vehicles and field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2021	**2,499**	**1,140**	**11,315**	**623,869**	**638,823**
Additions	1,811	1,332	17,078	214,853	235,074
Balance at December 31, 2022	**4,310**	**2,472**	**28,393**	**838,722**	**873,897**
Additions	2,045	1,067	23,515	178,444	205,071
Disposals	(728)	(965)	(8,074)	-	(9,767)
Foreign currency translation	-	-	-	9,796	9,796
Balance at March 31, 2024	**5,627**	**2,574**	**43,834**	**1,026,962**	**1,078,997**

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
At December 31, 2022	16,531	2,151	86,889	1,339,990	1,445,561
At March 31, 2024	**15,240**	**1,083**	**55,558**	**1,264,187**	**1,336,068**

Depreciation of $178,444 related to the Plant is included in plant operating expenses (note 15)

For the fifteen months ended March 31, 2024, the Company recorded a loss on disposal of $13,841 for inoperable equipment discarded.

11. ASSET RETIREMENT AND RECLAMATION OBLIGATIONS

The Company's operations are governed by laws and regulations covering the protection of the environment. The Company intends to implement progressive measures for rehabilitation work to be carried out during the operation, closing and follow-up work upon closing of the Aguila Norte processing plant; consequently, the Company has accounted for its asset retirement obligations for the plant using best estimates of future costs, based on information available at the reporting date. These estimates are subject to change following modifications to laws and regulations or as new information becomes available.

The Company received its final environmental permit for the Aguila Norte Plant in February 2018 and set up a provision for the asset retirement and reclamation obligations. As at March 31, 2024, the estimated undiscounted cash flow required to settle the asset retirement obligation for Aguila Norte Plant and its related tailings pond is $245,000 and is projected to be disbursed no earlier than 2024 (December 31, 2022 – 2024). A 5% (December 31, 2022 – 5%) discount rate and 2% (December 31, 2022 – 2%) inflation rate were used to evaluate this provision.

(Expressed in Canadian dollars)

11. ASSET RETIREMENT AND RECLAMATION OBLIGATIONS (continued)

	$
Balance, December 31, 2021	259,797
Adjustment to asset retirement obligations	(46,759)
Accretion	10,652
Balance, December 31, 2022	223,690
Accretion	14,740
Balance, March 31, 2024	**238,430**

12. SHARE CAPITAL AND WARRANT RESERVE

a) Authorized, Issued and Outstanding shares

Authorized - unlimited number of common shares with no par value,
- 100,000,000 preferred shares with no par value

A summary of common shares outstanding as at March 31, 2024 and December 31, 2022 and changes during the fifteen months and year then ended are presented below:

	Common Shares #	Amount $
Balance, December 31, 2021	**98,370,521**	**53,291,789**
Exercise of stock options*	650,000	78,977
Exercise of warrants*	38,000	4,180
Share issuance costs	-	(1,880)
Balance, December 31, 2022	**99,058,521**	**53,373,066**
Exercise of stock options*	400,000	68,541
Exercise of warrants*	284,000	31,240
Share issuance costs	-	(307)
Balance, March 31, 2024	**99,742,521**	**53,472,540**

*The difference in the consideration received and the option or warrant exercise price is recognized as an allocation from share based-payment and warrant reserves.

(i) During the fifteen months ended March 31, 2024, a total of 400,000 options were exercised at an average of $0.10 per share for proceeds of $40,000, which included $28,541 share-based payment reserve allocation.

(ii) During the fifteen months ended March 31, 2024, a total of 284,000 warrants were exercised at $0.10 per share for proceeds of $28,400, which included $2,840 warrant reserve allocation.

(iii) During the year ended December 31, 2022, a total of 38,000 warrants were exercised at an average of $0.10 per share for proceeds of $3,800, which included $3,800 warrant reserve allocation.

(iv) During the year ended December 31, 2022, a total of 650,000 options were exercised at an average of $0.07 per share for proceeds of $45,000, which included $33,977 share-based payment reserve allocation.

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND WARRANT RESERVE (continued)

b) Share Purchase Warrants

A summary of warrants outstanding as at March 31, 2024 and December 31, 2022 and changes during the fifteen months and year then ended are presented below:

	Warrants	Amount	Weighted average exercise price
	#	$	$
Balance, December 31, 2021	2,378,000	23,720	0.10
Expired	(6,000)	-	0.10
Exercised	(38,000)	(380)	0.10
Balance, December 31, 2022	2,334,000	23,340	0.10
Expired	(2,050,000)	(20,500)	0.10
Exercised	(284,000)	(2,840)	0.10
Balance, March 31, 2024	**-**	**-**	-

The Company had no outstanding warrants at March 31, 2024.

13. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a share option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of share options may not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the Plan expires or terminates for any reason in accordance with the terms of the Plan without being exercised, that option would again be available for the purpose of the Plan. In addition, the exercise price of options granted under the Plan may not be lower than the exercise price permitted by the TSXVE, and all options granted under the plan may have a term not to exceed five years after issuance. All options currently issued and outstanding vested 100% on the date of grant.

A summary of the status of the Plan as at March 31, 2024 and December 31, 2022, and changes during the fifteen months and year then ended are presented below:

	Number of options #	Weighted average exercise price $	
Balance, December 31, 2021	3,600,000	0.06	
Exercised	(650,000)	0.07	
Expired	(225,000)	0.10	
Balance, December 31, 2022	2,725,000	0.18	
Exercised*	(400,000)	0.10	*
Expired	(200,000)	0.15	
Issued	375,000	0.08	
Balance, March 31, 2024	**2,500,000**	**0.18**	

* The weighted average share price, at the date of exercise of options was $0.10.

(Expressed in Canadian dollars)

13. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN (continued)

As at March 31, 2024, the Company had outstanding share options issued to directors, officers, employees and consultants of the Company as follows:

Date of Grant	Options outstanding #	Options vested #	Exercise price $	Expiry date
December 20, 2021	2,125,000	2,125,000	0.20	December 20, 2024
December 14, 2023	375,000	375,000	0.08	December 14, 2028
	2,500,000	2,500,000		

The weighted average remaining contractual life of options issued and outstanding as at March 31, 2024 was 1.32 years (December 31, 2022 – 1.62 years).

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	2024
Risk-free interest rate	3.24%
Expected life (years)	5.0
Expected volatility	133%
Expected rate of forfeiture	nil
Expected dividend yield	nil
Share price	$0.06

14. LOSS PER SHARE

a) Basic

Basic income (loss) per share is calculated by dividing income (loss) by the weighted average number of common shares in issue for the periods.

	Fifteen months ended March 31, **2024**	Year ended December 31, 2022
Net income (loss) for the period	**$ (225,955)**	$ (331,762)
Weighted average number of common shares outstanding	**99,645,651**	98,577,115
Loss per share	**$ (0.002)**	$ (0.003)

b) Diluted

Diluted income (loss) per common share is equal to the basic income (loss) per common share for the fifteen months ended March 31, 2024 and the year ended December 31, 2022 as all of the share options and warrants outstanding are anti-dilutive.

(Expressed in Canadian dollars)

15. PLANT OPERATING EXPENSES

	Fifteen months ended March 31, **2024** $	Year ended December 31, 2022 $
Processing costs	**753,181**	573,490
Salaries and management fees	**542,657**	399,416
Depreciation	**178,444**	214,853
Office and general	**114,758**	85,324
Vehicles and equipment rentals	**81,286**	92,051
Professional fees	**44,745**	37,376
Security	**35,078**	27,050
Rent and utilities	**-**	4,072
	1,750,149	1,433,632

16. GENERAL AND ADMINISTRATIVE

	Fifteen months ended March 31, **2024** $	Year ended December 31, 2022 $
Management and consulting fees	**276,097**	240,355
Shareholder relations and filing fees	**211,656**	167,413
Accounting and administration	**96,767**	123,682
Professional fees	**146,055**	45,704
Rent	**26,250**	21,000
Insurance	**20,291**	14,995
Travel	**49,238**	2,898
Telephone and communication	**1,957**	259
Share based payments	**18,750**	-
	847,061	616,306

17. FINANCIAL INSTRUMENT RISK FACTORS

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company’s risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There have been no significant changes in the risks, objectives, policies and procedures from the previous year.

a) Credit risk management

Credit risk relating to cash, investments and amounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and receivables. The Company applies the simplified approach to providing for expected credit losses ("ECL") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. The provision for ECL at March 31, 2024 and December 31, 2022 was $Nil. As at March 31, 2024, the Company’s cash is comprised of $7,430 held in a Canadian financial institution and $99,769 held in Peruvian financial institutions. The Company also has accounts receivable in the amount of $185,086.

17. FINANCIAL INSTRUMENT RISK FACTORS (continued)

b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Cash includes cash on hand and balances with banks. The deposits are held in Canadian and Peruvian chartered banks, or a financial institution controlled by Canadian and Peruvian chartered banks.

As of March 31, 2024, the Company had a cash balance of $107,199 (December 31, 2022 - $215,956) to settle current liabilities of $505,436 (December 31, 2022 - $630,639). The Company's other current assets consist of amounts receivable of $185,086 (December 31, 2022 - $244,772) sales tax receivable of $13,498 (December 31, 2022 - $35,189), an investment of $22,793 (December 31, 2022 - $78,838) and notes receivable of $108,400 (December 31, 2022 – nil). The Company is committed to pay a minimum royalty of US 50,000 per year over the next 5 years to be paid semi-annually beginning in December of 2024.

c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to source mineral for processing profitably and develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future milling and mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company is exposed to price risk associated with the change in the market value of its investment in IMMC. The Company closely monitors equity prices to determine the appropriate course of action to take. A 1% change in the market price of the investment would result in a $228 (December 31, 2022 - $788) change to the Company's net income (loss) for the fifteen months ended March 31, 2024.

d) Foreign exchange risk

The Company's debt and equity financings are in Canadian dollars. Certain of the Company's transactions are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates.

As at March 31, 2024, the Company had cash balances of $43,103 (US $31,810) (December 31, 2022 - $98,787 (US $72,937)) in U.S. dollars, and $60,832 (S/.169,341) (December 31, 2022 - $95,124 (S/. 267,426)) in Peruvian New Sol ("PNS"); amounts receivable of $145,317 (US $107,244) (December 31, 2022 - $166,865 (US $123,200)) in US Dollars, and $39,771 (S/.110,306) (December 31, 2022 - $58,093 (S/.163,313) in PNS, and accounts payable of $23,948 (US $17,842) (December 31, 2022 - $12,411 (US $9,163)) in US Dollars and $73,212 (S/.202,575) (December 31, 2022 – $190,768 (S/.536,318)) in PNS.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net income (loss) by approximately $8,971 for the fifteen months ended March 31, 2024, based on the net foreign currency monetary assets as at March 31, 2024.

17. FINANCIAL INSTRUMENT RISK FACTORS (continued)

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposure associated with the Company's foreign currency-denominated cash balances.

The Company utilizes foreign exchange forward contracts to manage foreign exchange risks from time to time, at the determination of management.

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's cash balances earn interest at fixed rates over the next three to twelve months. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest expense during the fifteen months ended March 31, 2024 and year ended December 31, 2022.

f) Fair value of financial assets and liabilities

The carrying values of the cash, amounts receivable, notes receivable, investments, accounts payable and accrued liabilities, and due to related parties approximate their respective fair values due to the short-term nature of these instruments.

18. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity which at March 31, 2024 was $1,087,017 (December 31, 2022 - $1,253,131). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operation activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to fund operations at the Aguila Norte Plant, pursue the exploration of its mineral properties, and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at March 31, 2024 and December 31, 2022, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022. The Company and its subsidiaries are not subject to externally imposed capital requirements other than Policy 2.5 of the TSXVE, which requires adequate working capital or financial resources to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2024, the Company may not be compliant with Policy 2.5 of the TSXVE. The impact of this violation is not known and is ultimately dependent on the direction of the TSXVE.

19. COMMITMENTS AND CONTINGENCIES

Lease agreements
The Company's subsidiary, Madosac, has annual office rental obligations of $21,138 (US$15,600) due during the twelve months ending March 31, 2025.

Management compensation
The Company has agreed to pay management compensation of a minimum total in annual payments of $180,000.

(Expressed in Canadian dollars)

19. COMMITMENTS AND CONTINGENCIES (continued)

Environmental matters

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Legal proceedings

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2024 and December 31, 2022, no amounts have been accrued related to such matters.

20. NOTES RECEIVABLE

As at March 31, 2024, the Company loaned San Maurizo Mines Inc. ("San Maurizo") $38,887 (US$28,211) and its wholly owned Peruvian subsidiary, Basic Minerals SAC ("Basic Minerals") $69,513 (US$51,789) (note 22). The notes receivable bear no interest, have no security and are due on demand.

21. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 23.0% (December 31, 2022 - 26.5%) were as follows:

	2024 $	2022 $
Income before income taxes	162,009	14,714
Expected income tax (recovery) based on statutory rate	37,000	4,000
Adjustments:		
Share-based payments	4,000	-
Non-deductible (taxable) items	(125,000)	26,000
Non-deductible portion of capital losses	-	102,000
Foreign exchange and other	388,036	111,344
Difference in tax rates	57,000	12,000
Change in tax estimates from prior year	(346,000)	-
Impact of change in statutory tax rates	829,000	-
Change in deferred tax assets not recognized	(726,000)	(140,000)
Current tax expense (recovery)	118,036	115,344
Deferred tax expense (recovery)	-	-
Total tax expense (recovery)	118,036	115,344

(Expressed in Canadian dollars)

21. INCOME TAXES (continued)

b) Deferred Income Tax

The Company has the following unrecognized deferred tax assets:

	2024 $	2022 $
Non-capital loss carry-forwards - Canada	4,498,000	4,863,000
Non-capital loss carry-forwards - Peru	2,538,000	2,932,000
Share issue costs - Canada	-	1,000
Exploration and evaluation assets	1,068,000	1,345,000
Equipment	295,000	35,000
Capital loss	78,000	76,000
Other	94,000	45,000
Total	8,571,000	9,297,000

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

	2024 $	2022 $
Non-capital loss carry-forwards - Canada	19,555,000	18,350,000
Non-capital loss carry-forwards - Peru	8,602,000	9,942,000
Share issue costs - Canada	1,000	4,000
Exploration and evaluation assets	4,643,000	5,066,000
Marketable securities - Canada	443,000	338,000
Equipment	1,029,000	131,000
Capital loss	682,000	571,000
Total	34,955,000	34,402,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use benefits.

c) Tax Loss Carry- Forwards

As at March 31, 2024, the Company had resources pools of approximately $4,643,000 in Canada, which under certain circumstances, may be utilized to reduce taxable income of future years. The Company has approximately $19,555,000 of non-capital losses in Canada and approximately S/. 23,800,000 ($8,602,000) of non-capital losses in Peru, which can be used to reduce taxable income in future years.

(Expressed in Canadian dollars)

21. INCOME TAXES (continued)

The non-capital losses in Canada and Peru expire as follows:

Year of Expiry	Canada $	Peru $
2024	-	182,500
2025	-	391,400
2026	147,200	631,000
2027	1,981,700	184,000
2028	463,200	204,100
2029	4,433,000	-
2030	1,008,400	-
2031	740,400	-
2032	1,592,700	-
2033	812,100	-
2034	1,604,400	-
2035	1,109,900	-
2036	1,051,600	-
2037	723,000	-
2038	522,700	-
2039	503,500	-
2040	682,100	-
2041	491,800	-
2042	621,400	-
2044	1,065,900	-
Indefinite	-	7,009,000
	19,555,000	8,602,000

22. SUBSEQUENT EVENTS

On April 11, 2024, the Company acquired a 50% interest in San Maurizo, a private Manitoba-based company through the issuance of 2,500,000 common shares to Hudson Heartland Ltd. (“Hudson”) at a deemed price of $0.08 per common share. San Maurizo holds an exclusive 100% direct interest in the Mercedes gold-silver-lead-zinc-copper property, situated in central Peru via its wholly owned Peruvian subsidiary, Basic Minerals. The project is subject to a 20% Net Profit Interest ("NPI") which is to be eliminated once US$5 million has been paid to the NPI holder. Afterwards, a 1.5% Net Smelter Royalty ("NSR") is to be paid to the NPI holder. San Maurizo retains the right to buyout the NSR for US$1.5 million. As part of the transaction, Peruvian Metals is to extend a US$250,000 loan to San Maurizo, mirroring the loan provided by Hudson. As of March 31, 2024, Peruvian Metals had contributed and loaned $108,400 (US$80,000) (note 20) towards this collaborative venture.

From April 22, 2024 to May 3, 2024, the Company sold its remaining 506,500 IMMC common shares for net proceeds of $21,136.

On April 23, 2024, the Company complete the first tranche of a private placement for gross proceeds of $225,000 through the issuance of 3,214,286 units. Each unit consisted of one common share of the Company, and one-half non-transferable share purchase warrant. Each whole warrant is exercisable to acquire one additional common share until April 30, 2026 at a price of $0.10. No finders' fees or finders warrants were issued in this tranche of the offering.

22. SUBSEQUENT EVENTS (continued)

On May 30, 2024 the Company complete the second tranche of a private placement for gross proceeds of $50,050 through the issuance of 715,000 units. Each unit consisted of one common share of the Company, and one-half non-transferable share purchase warrant. Each whole warrant is exercisable to acquire one additional common share until May 30, 2026 at a price of $0.10. No finders' fees or finders warrants were issued in this tranche of the Offering.