SILVER WOLF EXPLORATION LTD.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Silver Wolf Exploration Ltd. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

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

The consolidated financial statements as at December 31, 2024 and 2023, and for the years ended December 31, 2024 and 2023, have been audited by Manning Elliott LLP, an independent registered public accounting firm, and their report outlines the scope of their examination, and gives their opinion on the consolidated financial statements.

"David Wolfin"	*"Nathan Harte"*
David Wolfin Chairman & CEO	Nathan Harte, CPA Chief Financial Officer
April 29, 2025	April 29, 2025

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Silver Wolf Exploration Ltd.

Opinion

We have audited the consolidated financial statements of Silver Wolf Exploration Ltd. and its subsidiaries ("the Company") which comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 for the year ended December 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.

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

<u>Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")</u>

We draw attention to Notes 2, 3 and 6 of the consolidated financial Statements. As at December 31, 2024, the Company has E&E Assets of $2,640,183. All E&E Assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. The recoverability of E&E Assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

We considered this a key audit matter due to the significance of the E&E Assets and the judgments made by management in its assessment of impairment indicators related to E&E Assets. This in turn resulted in a high degree of subjectivity in performing audit procedures related to the judgments applied by management.

Our approach to addressing the matter included the following procedures, among others:

Assessed the judgment made by management in determining whether there were impairment indicators related to the E&E Assets, which included the following:

- Evaluated management's plans for the E&E Assets through inquiry with management and inspection of news releases.
- Reviewed the Company's recent expenditure activity and reasonability of future plans based on available resources and planned financings taking into account the Company's history of raising funds to conduct exploration activities on its E&E Assets.
- Assessed compliance with option agreements including comparing cash payments and share issuances with the terms contained in those agreements.

- Obtained confirmation from optionors that the Company’s option agreements are in good standing.
- Obtained evidence to support that the title of mineral rights underlying the E&E Assets is in good standing.

Other Information

Management is responsible for the other information. The other information comprises the Company’s Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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

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

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our 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 audit resulting in this independent auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 29, 2025

Silver Wolf Exploration Ltd.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note		December 31, 2024		December 31, 2023
ASSETS					
Current Assets					
Cash and cash equivalents		$	448,613	$	59,221
Other receivables			9,020		15,945
			457,633		75,166
Non-Current Assets					
Investments	**5**		4,224		5,200
Exploration and evaluation assets	**6**		2,640,183		1,935,621
Property and equipment	**7**		23,983		19,828
TOTAL ASSETS		$	3,126,023	$	2,035,815
LIABILITIES					
Current Liabilities					
Trade and other payables		$	390,108	$	179,605
Current portion of lease liability	**8**		4,177		8,772
Due to related parties	**10**		214,288		552,519
			608,573		740,896
Non-Current Liabilities					
Lease liability	**8**		15,086		3,110
			623,659		744,006
EQUITY					
Share capital	**9**		8,138,831		6,623,015
Reserves			902,478		612,771
Accumulated other comprehensive income (loss)			(58,461)		163,063
Deficit			(6,480,484)		(6,107,040)
			2,502,364		1,291,809
TOTAL LIABILITIES AND EQUITY		$	3,126,023	$	2,035,815

Note 1 – Nature of Operations and Going Concern

These consolidated financial statements are authorized for issue by the Board of Directors on April 29, 2025:

“David Wolfin” **Director** “Stephen Williams” **Director**

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

Silver Wolf Exploration Ltd.
Consolidated Statements of Operations and Comprehensive Loss
Expressed in Canadian Dollars

	Note		Years ended December 31, 2024		2023
General and Administrative Expenses					
Administrative benefits and salaries		$	31,357	$	43,460
Automobile			823		1,097
Consulting fees			1,828		30,000
Depreciation			5,779		8,024
Foreign exchange (gain) loss			2,030		4,322
Interest and bank charges			(579)		3,585
Listing and filing fees			31,719		19,674
Office and miscellaneous			19,727		46,062
Professional fees			83,527		64,906
Share-based compensation			150,590		-
Shareholder information			77,187		41,053
Transfer agent fees			16,838		15,771
Loss Before Other Items			(420,826)		(277,954)
Other Items					
Gain on debt settlement			34,182		-
Other income			-		3,000
Net Loss For the Year	**9 (e)**		(386,644)		(274,954)
Other Comprehensive Income (Loss)					
Items that may be reclassified subsequently to profit or loss:					
Unrealized loss on investment securities			(975)		(8,450)
Currency translation differences			(220,549)		171,509
			(221,524)		163,059
Total Comprehensive Loss		$	(608,168)	$	(111,895)
Loss per Share - Basic and Diluted	**9 (e)**	$	(0.01)	$	(0.01)
Weighted Average Number of Shares Outstanding - Basic and Diluted	**9 (e)**		41,272,382		35,664,870

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

Silver Wolf Exploration Ltd.
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Number of Common Shares		Share Capital		Reserves		Accumulated Deficit		Accumulated Other Comprehensive Income (Loss)		Total Equity
Balance, January 1, 2023		**35,263,500**	**$**	**6,546,765**	**$**	**641,421**	**$**	**(5,834,486)**	**$**	**4**	**$**	**1,353,704**
Issuance of shares for Option Agreement	**9(b)**	500,000		50,000		-		-		-		50,000
Warrants expired	**9(c)**	-		26,250		(26,250)		-		-		-
Stock Options Cancelled or expired	**9(d)**	-		-		(2,400)		2,400		-		-
Net loss for the period	**9(e)**	-		-		-		(274,954)		-		(274,954)
Other comprehensive income for the year		-		-		-		-		163,059		163,059
Balance, December 31, 2023		**35,763,500**	**$**	**6,623,015**	**$**	**612,771**	**$**	**(6,107,040)**	**$**	**163,063**	**$**	**1,291,809**
Balance, January 1, 2024		**35,763,500**	**$**	**6,623,015**	**$**	**612,771**	**$**	**(6,107,040)**	**$**	**163,063**	**$**	**1,291,809**
Issuance of units - private placement:												
Shares issued	**9(b)**	6,666,666		700,000		-		-		-		700,000
Warrants issued	**9(c)**	-		-		300,000		-		-		300,000
Share issuance costs	**9(b)**	-		(51,591)		12,906		-		-		(38,685)
Share-based compensation	**9(d)**	-		-		150,590		-		-		150,590
Stock options cancelled or expired	**9(d)**	-		-		(13,200)		13,200		-		-
Warrants expired	**9(c)**	-		160,589		(160,589)		-		-		-
Shares issued for debt settlement	**9(b)**	3,580,455		706,818		-		-		-		706,818
Net loss for the year	**9(e)**	-		-		-		(386,644)		-		(386,644)
Other comprehensive loss for the year		-		-		-		-		(221,524)		(221,524)
Balance, December 31, 2024		**46,010,621**	**$**	**8,138,831**	**$**	**902,478**	**$**	**(6,480,484)**	**$**	**(58,461)**	**$**	**2,502,364**

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

Expressed in Canadian Dollars

	Years ended December 31, 2024	2023
Cash and cash equivalents provided by (used in):		
Operating Activities		
Net loss	$ (386,644)	$ (274,954)
Items not involving cash and cash equivalents in the year:		
Share-based compensation	150,590	-
Interest expense on lease liability	950	1,357
Depreciation	5,779	8,024
Foreign exchange movements	(17,065)	4,065
Gain on forgiveness of debt	(34,182)	-
Write-down of computer equipment	378	-
Changes in non-cash working capital items:		
Sales taxes recoverable and other	6,925	(529)
Trade and other payables	278,504	66,181
Due to related parties	334,769	306,125
	340,004	110,269
Investing Activities		
Purchases of property and equipment	(997)	-
Exploration and evaluation expenditures	(903,931)	(250,577)
	(904,928)	(250,577)
Financing Activities		
Issuance of common shares for cash, net	961,315	-
Finance lease payments	(6,999)	(9,186)
	954,316	(9,186)
Change in cash and cash equivalents	389,392	(149,494)
Cash and cash equivalents, Beginning of Year	59,221	208,715
Cash and cash equivalents, End of Year	$ 448,613	$ 59,221
Supplementary Disclosure of Non-cash Investing and Financing Activities:		
Shares issued for debt settlement	$ 706,818	$ -
Shares issued for Option Agreement payments	-	50,000
	$ 706,818	$ 50,000
Cash and cash equivalents consisted of:		
Cash	$ 78,105	$ 59,221
Cash held in high interest saving account	370,508	-
Total cash and cash equivalents, end of year	$ 448,613	$ 59,221

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Wolf Exploration Ltd. ("Silver Wolf" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada. It is in the exploration stage with regards to its business of the exploration and development of mineral properties. The Company has an option on the Ana Maria and Laberinto properties in Durango, Mexico. The Company's head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

Silver Wolf is in the exploration stage and has not yet determined whether the properties contain ore reserves which are economically recoverable. The underlying carrying value of the mineral property interest and related exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, confirmation of Silver Wolf's interest in the mineral claims, the ability of Silver Wolf to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the sale of all or an interest in its mineral claims.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2024, the Company has a working capital deficiency of $150,940 and accumulated losses of $6,480,484. The Company has not yet generated any revenues from its operations and requires financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral properties. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business. These factors together form a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

Functional Currency

The presentation and functional currency of the Company is the Canadian dollar, and the functional currency of the Company's Mexican subsidiary is the Mexican peso, which is determined to the currency of the primary economic environment in which it operates. The Company's US subsidiary is inactive.

Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that denominated in foreign currencies are translated at historical rates.

2. BASIS OF PRESENTATION (continued)

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and

- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's accumulated other comprehensive income (loss) in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

- Cortez Gold Corp., a company incorporated on June 21, 2006 in Nevada, USA.
- Compania Minera Mexicana de Gray Rock, S.A. de C.V., a company incorporated under the Mexican United States law on July 21, 2020.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Significant Accounting Judgments and Estimates

The preparation of these Consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The Consolidated financial statements include judgements and estimates, which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the Consolidated financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period, in which the estimate is revised, and may affect both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

2. BASIS OF PRESENTATION (continued)

Site Closure and Reclamation Provisions

The Company assesses its reclamation provision at each reporting date or when new material information becomes available. Exploration, development, and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. The Company's exploration work to date has resulted in no significant site disturbance and therefore the Company's reclamation provision is limited to the amount posted as a reclamation bond.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions for any share options granted could have a material impact on the Company's consolidated financial statements.

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to uncertainty.

3. MATERIAL ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents in the statement of consolidated financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less or which are readily convertible into a known amount of cash and are subject to an insignificant risk in changes in value.

Financial Instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

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

Interest income is recognized using the effect interest method, and is recognized in interest and other income, on the consolidated statements of operations and comprehensive income (loss).

The Company has no financial assets recognized at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to deficit.

The Company financial assets designated as FVTOCI includes investments.

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL, which includes cash and cash equivalents.

Classification – financial liabilities

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

Financial liabilities at amortized cost include trade and other payables and due to related parties.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the consolidated statements of operations.

The Company has no hedging arrangements and does not apply hedge accounting.

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets when necessary. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for, and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling, sampling and value added taxes deemed recoverable in the future. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties under development. At such time as production commences at levels intended by management, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. General exploration costs not related to specific mineral property are expensed as incurred. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to operations.

An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete evaluation of the properties, and on future production or proceeds of disposition.

3. MATERIAL ACCOUNTING POLICIES (continued)

Incidental revenues and operating costs are included in mineral properties and development costs prior to production at levels intended by management. Accrued tax credits on eligible exploration expenditures are accounted for as deduction from mineral properties and development costs, on a property by property basis, and will be charged to operations on the same basis as the acquisition, exploration, and evaluation expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred and the tax credit is applied for provided there is reasonable assurance that the tax credits will be realized.

The amounts shown for exploration and evaluation assets represent net costs incurred to the date of the consolidated financial statements and do not necessarily reflect present or future values.

Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to bringing the asset to a location and condition necessary to operate in a manner intended by management. Such costs are accumulated as construction in progress until the asset is available for use, at which point the asset is classified as plant, equipment and mining properties and depreciation commences.

Accumulated machinery and equipment are depreciated using the straight-line method over their estimated useful lives. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (or components) of property and equipment.

Property and equipment are depreciated using the following annual rates and methods:

Office equipment, furniture, and fixtures	5 years straight line balance
Computer equipment	3 years straight line balance
Machinery and equipment	5 years straight line balance
Right of use asset	5 years straight line

Impairment

At each financial position reporting date, the carrying amounts of the Company's 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's 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 or cash generating unit 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 profit or loss for the year.

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the estimated fair value of the warrants issued, with the residual allocated to common shares.

The fair value of share purchase warrants are estimated using the Black-Scholes option pricing model or the listed trading price at the date of issue. Share purchase warrants are initially classified in reserves and future changes in fair value are not recognized.

Upon exercise of the share purchase warrants, the initial value allocated to reserves and the cash proceeds recorded are reclassified and classified to share capital, respectively.

Share-Based Payment Transactions

The share option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. 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 measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income Taxes

Income tax on the profit or loss 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 as equity.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and 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, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

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. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that amount.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

Site Restoration Obligation

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 from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

These costs are charged against profit or loss over the economic life of the related asset, through deprecation using either the unit-of-production or the straight-line method. The related liability is adjusted for each year 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. The Company estimated its site restoration obligation to be $nil as at December 31, 2024 (2023 - $nil).

Earnings or Loss per Share

The Company presents basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Diluted earnings or loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on investments and gains or losses on certain derivative instruments. The Company's comprehensive income and (loss), components of other comprehensive income and (loss) and cumulative translation adjustments are presented in the consolidated statements of operations and comprehensive loss and the consolidated statements of changes in equity.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at cost, less accumulated depreciation and impairment losses. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense within profit and loss, unless they are attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

4. RECENT ACCOUNTING PRONOUNCEMENTS

New and Amended IFRS that are Effective for the Current Year:

Certain new accounting standards and interpretations have been published that are either applicable in the current year, or are not mandatory for the current period and have not been early adopted. We have assessed these standards, and they are not expected to have a material impact on the Company in the current or future reporting periods.

<u>Amendments to IAS 1 – C*lassification of Liabilities as Current or Non-Current with Covenants*</u>

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

In addition, the amendment requires entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments were applied effective January 1, 2024. The amendments did not have an impact on the Company’s consolidated financial statements.

<u>Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*</u>

The amendments require a seller/lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller/lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors* to sale or leaseback transactions entered into after the date of initial application.

The amendments were applied effective January 1, 2024. The amendments did not have an impact on the Company’s consolidated financial statements.

Future Changes in Accounting Policies Not Yet Effective as at December 31, 2024:

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted.

Expressed in Canadian Dollars

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Amendments to IAS 21 – *Lack of Exchangeability*

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require the disclosure of information that enables users of financial statements to understand the impact of currency not being exchangeable

Amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial instruments*

The amendments provide guidance on the derecognition of a financial liability settled through electronic transfer, as well as the classification of financial assets for: contractual terms consistent with a basic lending arrangement; assets with non-recourse features and contractually linked instruments.

Additionally, the amendments introduce new disclosure requirements related to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI"), and additional disclosures for financial instruments with contingent features.

The amendments to IFRS 9 and IFRS 7 regarding the Classification and Measurement of Financial Instruments are effective for annual reporting periods beginning on or after January 1, 2026.

Amendments to IFRS 18 – *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB released IFRS 18. IFRS 18 replaces IAS 1 while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements: i) present specified categories and defined subtotals in the statement of earnings, ii) provide disclosures on management defined performance measures in the notes to the financial statements, iii) improve aggregation and disaggregation. IFRS 18 requires retrospective application with specific transition provisions.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

These standards are currently being assessed for impact on our consolidated financial statements for future reporting periods.

5. INVESTMENTS

Investments consist of the following:

	Number of Shares	Cost	Accumulated Unrealized Gain/(Loss)	December 31, 2024 Fair Value	December 31, 2023 Fair Value
Garibaldi Resources Corp	65,000	$ 202,800	$ (198,575)	$ 4,229	$ 5,200

Expressed in Canadian Dollars

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consist of the following:

	Ana Maria & El Laberinto Option
Balance, January 1, 2023	$ 1,461,575
Exploration costs incurred during the year:	
Acquisition cost	50,000
Field expenditures	117,056
Taxes and licensing	135,471
Changes in foreign exchange rates	171,519
Balance, December 31, 2023	1,935,621
Exploration costs incurred during the year:	
Field expenditures	828,555
Taxes and licensing	78,735
Changes in foreign exchange rates	(202,728)
Balance, December 31, 2024	$ 2,640,183

a) Ana Maria and Laberinto Properties

During 2020, the Company announced the signing of an option agreement (the "Option Agreement") with Avino Silver & Gold Mines Ltd. ("Avino"), a company with directors and management in common, as optionor. Pursuant to the terms of the Option Agreement, the Company was granted the exclusive right to acquire an 100% interest in the Ana Maria and El Laberinto properties in Mexico (the "Option"), in consideration of the issuance to Avino of share purchase warrants to acquire 300,000 common shares of the Company at an exercise price of $0.20 per share for a period of 36 months from the date of the TSX Venture Exchange's final approval date of the Option Agreement of March 8, 2021.

In order to exercise the Option, the Company will:

1. Pay or issue to Avino a total of $600,000 in cash or common shares of the Company as follows:
    a. $50,000 in common shares of the Company within 30 days of March 8, 2021 (issued).
    b. A further $50,000 on or before March 8, 2022 (issued).
    c. A further $100,000 on or before March 8, 2023 (issued).
    d. A further $200,000 on or before March 8, 2024 (outstanding); and
    e. A further $200,000 on or before March 8, 2025 (outstanding).

On March 11, 2025, Avino and Silver Wolf signed an agreement where Avino has elected to receive shares of Silver Wolf as settlement for the items (d) and (e) above.

6. EXPLORATION AND EVALUATION ASSETS (continued)

2. Incur a total of $750,000 in exploration expenditures on the properties, as follows:
   a. $50,000 on or before March 8, 2022 (incurred);
   b. A further $100,000 on or before March 8, 2023 (incurred); and
   c. A further $600,000 on or before March 8, 2025 (incurred).

All share issuances will be based on the average volume weighted trading price of the Company's shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the date of issuance of the shares, and the shares will be subject to resale restrictions under applicable securities legislation for 4 months and a day from their date of issue. All shares issued are subject to a price floor of $0.20.

Any exploration expenditures in excess of any period stated above will be applied towards the next succeeding period's minimum requirements. During the option period, the Company will also assume liability and be responsible for all required semi-annual property payments required to maintain the properties in good standing.

The Company also granted to Avino a right of first refusal on 60 days' notice to Avino to purchase and process any ore or concentrate extracted from the properties under a custom milling contract at Avino's mine facilities.

During the year ended December 31, 2023, the Company issued 500,000 common shares with an estimated fair value of $50,000 to Avino as part of the terms outlined in 1.c. in the Option Agreement.

Ana Maria Property

The Ana Maria property is located 21 kilometres (km) northwest of the City of Gómez Palacio and the adjacent City of Torreón, and 1 km north of the town of Dinimita, in the municipality of Gómez Palacio, Durango, Mexico. The claims are located in the Minitas mining district in the Guadalupe Victoria mining region. The property consists of 9 mining concessions encompassing 2,549 hectares ("ha").

Laberinto Project

The Laberinto Project is located in the "Sierra de la Silla" northwest of the town of Francisco I. Madero in the municipality of Panuco de Coronado. It is approximately 60 kilometres northeast of the city of Durango City, México. The property consists of mining concession encompassing 91.7 ha.

Expressed in Canadian Dollars

7. PROPERTY AND EQUIPMENT

	Right of use asset (Note 8)	Office equipment, furniture, and fixtures	Computer equipment	Machinery and equipment	Total
	$	$	$	$	$
COST					
Balance at January 1, 2023	44,425	3,111	9,864	3,097	60,497
Additions / Transfers	-	-	-	-	-
Effect of movements in exchange rates	-	279	621	341	1,241
Balance at December 31, 2023	44,425	3,390	10,485	3,438	61,738
Additions / Transfers	13,430	646	-	-	14,076
Disposals / Impairments	-	-	(378)	-	(378)
Effect of movements in exchange rates	-	(411)	(32)	(314)	(757)
Balance at December 31, 2024	57,855	3,625	10,075	3,124	74,679
ACCUMULATED DEPRECIATION					
Balance at January 1, 2023	23,872	795	4,696	257	29,620
Additions / Transfers	8,024	702	3,391	173	12,290
Effect of movements in exchange rates	-	-	-	-	-
Balance at December 31, 2023	31,896	1,497	8,087	430	41,910
Additions / Transfers	5,779	629	2,338	390	9,136
Disposals / Impairments	-	-	(350)	-	(350)
Balance at December 31, 2024	37,675	2,126	10,075	820	50,696
NET BOOK VALUE					
At December 31, 2024	**20,180**	**1,499**	**-**	**2,304**	**23,983**
At December 31, 2023	**12,529**	**1,893**	**2,398**	**3,008**	**19,828**

Expressed in Canadian Dollars

8. LEASE LIABILITY & RIGHT-OF-USE ASSET

(a) Right-of-use asset

The Company shares office space with other companies related to it by virtue of certain directors and management in common (Note 10). In 2020 the Company recognized a right-of-use asset in relation to its share of office space lease allocated through Oniva International Services Corp. ("Oniva")

		December 31, 2024		December 31, 2023
Balance, beginning	$	12,529	$	20,553
Changes to lease terms		13,430		-
Depreciation		(5,779)		(8,024)
Balance, ending	$	20,180	$	12,529

(b) Lease liability

The contractual maturities and interest charges in respect of the Company's lease obligations in connection with its share of the office lease are as follows:

		December 31, 2024		December 31, 2023
Not later than one year	$	5,018	$	9,400
Later than one year and not later than five years		16,375		3,145
Less: future interest charges		(2,130)		(663)
Present value of lease payments		19,263		11,882
Less: current portion		(4,177)		(8,772)
Non-current portion	$	15,086	$	3,110

During the year ended December 31, 2024, the Company and Oniva amended the long-term rental agreement and the share of rental expense allocated to Silver Wolf, extending the agreement to April 2029. As a result, the Company recognized a lease modification and adjusted the right-of-use asset and lease liability accordingly as noted above.

(c) Amounts Recognized in Statement of Operations and Comprehensive Loss

Payments relating to short-term leases recognized as an expense during the year ended December 31, 2024, totaled $Nil (2023 - $Nil).

Cash payments relating to short-term leases during the year ended December 31, 2024, totaled $Nil (2023 - $Nil).

Expressed in Canadian Dollars

9. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value.

(b) Issued:

(i) During the year ended December 31, 2024, the Company closed a non-brokered private placement which consist of 6,666,667 units at a purchase price of $0.15 per unit for aggregate gross proceeds of $1,000,000. Each unit comprised of one common share of the Company and one half of a non-transferable share purchase warrant at an exercise price of $0.25. The residual value of the common shares were determined to be $700,000, or $0.105 per share, and the fair value of the share purchase warrants were determined to be $300,000, or $0.045 per share. The Company incurred $38,685 in issuance costs consisting of legal fees and finders fees and 143,400 broker warrants with an estimated fair value of $12,906.

During the year ended December 31, 2024, the Company issued 3,365,000 common shares at a deemed price of $0.20 per share to settle an aggregate of $673,000 in indebtedness with two of its principal creditors; Oniva International Services Corp., a private company which provides administrative services to the Company and is controlled by David Wolfin, the Company's CEO, and Avino Silver & Gold Mines Ltd. for administrative expenses and exploration and evaluation services, which share common management and directors.

During the year ended December 31, 2024, the Company issued 150,000 common shares at a deemed price of $0.20 per share to settle a provision of accrued consulting fees to a non-arms length creditor, and recorded a gain on settlement of $36,000.

During the year ended December 31, 2024, the Company issued 65,455 common shares to a non-arms length creditor at a price of $0.15 per share for services provided of $8,000.

(ii) During the year ended December 31, 2023, the Company issued 500,000 common shares with an estimated fair value of $50,000, to satisfy the terms laid out in Item 1 c) of the Option Agreement. For full details of the Option Agreement, see Note 6.

(c) Share purchase warrants

At December 31, 2024, the Company had 3,476,731 (December 31, 2023 – 4,014,734) share purchase warrants outstanding and exercisable. Continuity of share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, January 1, 2023	4,389,734	$0.26
Expired	(375,000)	$0.35
Outstanding and exercisable, December 31, 2023	4,014,734	$0.25
Expired	(4,014,734)	$0.25
Issued	3,476,731	$0.25
Outstanding and exercisable, December 31, 2024	3,476,731	$0.25

Expressed in Canadian Dollars

9. SHARE CAPITAL (continued)

At December 31, 2024, weighted average remaining contractual life of warrants outstanding was 2.45 years (December 31, 2023 – 0.96 years).

The following table summarizes information about the Company's warrants outstanding at December 31, 2024:

Expiry Date	Exercise Price	Warrants Outstanding and Exercisable
June 14, 2027	$0.25	3,476,731

(d) Stock option plan

The Company established a stock option plan, under which it may grant stock options totalling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis, and to any one optionee in a 12 month period not to exceed 5% of the total number of shares issued and outstanding on a non-diluted basis. The stock option plan limits the options issuable within a one-year period to regular employees and persons providing investor-relation or consulting services to 5% and 2% respectively of the Company's total number of issued and outstanding shares on a non-diluted basis on the date of grant.

The stock options are fully vested on the date of grant. The option price must be greater or equal to the discounted market price on the grant date, and the option expiry date can not exceed five years after the grant date.

Continuity of stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2022	3,345,000	$0.19
Cancelled	(20,000)	$0.12
Outstanding, December 31, 2023	3,325,000	$0.19
Granted	1,369,000	$0.15
Cancelled	(100,000)	$0.19
Outstanding and exercisable, December 31, 2024	4,594,000	$0.18

Details of stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Options Outstanding and Exercisable
January 8, 2026	$0.20	825,000
March 30, 2027	$0.20	1,735,000
August 8, 2027	$0.15	665,000
July 15, 2029	$0.15	1,369,000
		4,594,000

As at December 31, 2024, the weighted average remaining contractual life of stock options outstanding was 2.76 years (December 31, 2023 – 2.99 years).

Option pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates.

Expressed in Canadian Dollars

9. SHARE CAPITAL (continued)

The fair value of the options granted during the year ended December 31, 2024 was calculated using the Black-Scholes model with the following weighted average assumptions:

	2024
Weighted average assumptions:	
Share price	0.14
Risk-free interest rate	3.36%
Expected dividend yield	0%
Expected option life (years)	5.00
Expected stock price volatility	105.33%
Expected forfeitures	0%
Weighted average fair value at grant date	$0.11

(e) Loss per share

The calculations for basic and diluted earnings per share are as follows:

	2024	2023
Net loss for the year	$ (386,644)	$ (274,954)
Basic weighted average number of shares outstanding	41,272,382	35,664,870
Effect of dilutive share options and warrants (i)	-	-
Diluted weighted average number of shares outstanding	41,272,382	35,664,870
Basic loss per share	$ (0.01)	$ (0.01)
Diluted loss per share (i)	$ (0.01)	$ (0.01)

(i) As the effect of dilutive share options and warrants is anti-dilutive on loss per share, the diluted amounts presented are the same as the basic loss per share amounts.

10. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel are as follows:

		2024		2023
Consulting fees, wages and benefits	$	4,813	$	9,403
Share-based payments		95,920		-
	$	100,733	$	9,403

Expressed in Canadian Dollars

10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Amounts due to related parties

In the normal course of operations, the Company transacts with companies related to its directors or officers. All amounts payable are non-interest bearing, unsecured, and due on demand. As at December 31, 2024 and December 31, 2023, the following amounts were due to related parties:

		2024		2023
Oniva International Services Corp.	$	53,762	$	195,608
Avino Silver and Gold Mines Ltd.		160,526		356,911
	$	214,288	$	552,519

(c) Related party transactions

During the year ended December 31, 2024, $67,599 (2023 - $61,974) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid $1,690 of administrative fees during the year ended December 31, 2024 (2023 - $1,549) to Oniva.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

11. FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, trade and other payables, and amounts due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's investments is detailed in Note 5.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with a single Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2024, the Company had cash and cash equivalents in the amount of $448,613 in order to meet short-term business requirements. At December 31, 2024, the Company had accounts payable of $390,108 with contractual maturities of approximately 30 to 90 days, and amounts due to related parties of $214,288 due on demand.

11. FINANCIAL INSTRUMENTS (continued)

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2024, are summarized as follows:

	Total	**Less Than 1 Year**	**1-5 years**	**More Than 5 Years**
Trade and other payable	$ 390,108	$ 390,108	$ -	$ -
Finance lease obligations	19,263	4,177	15,086	-
Due to related parties	214,288	214,288	-	-
Total	$ 623,659	$ 608,573	$ 15,086	$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in Mexican pesos and US dollars:

	December 31, 2024		December 31, 2023	
	MXN	USD	MXN	USD
Cash and cash equivalents	$ 310,935	$ 20,685	$ 83,385	$ 1,732
Amounts receivable	-	-	46,000	-
Accounts payable and accrued liabilities	(6,562,476)	-	(5,385,955)	-
Net exposure	(6,251,541)	20,685	(5,256,570)	1,732
Canadian dollar equivalent	$ (438,973)	$ 29,763	$ (411,579)	$2,291

Expressed in Canadian Dollars

11. FINANCIAL INSTRUMENTS (continued)

Based on the net Canadian dollar denominated asset and liability exposures as at December 31, 2024, a 10% fluctuation in the Canadian/Mexican and Canadian/US exchange rates would impact the Company's earnings for the year ended December 31, 2024 by approximately $20,450 (year ended December 31, 2023 - $26,758). The Company has not entered into any foreign currency contracts to mitigate this risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk with respect to its investment in marketable securities, as they are carried at fair value based on quoted market prices.

(d) Classification of Financial instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2024:

December 31, 2024		**Level 1**		**Level 2**		**Level 3**
Cash and cash equivalents	$	448,613	$	-	$	-
Investments		4,224		-		-
	$	452,837	$	-	$	-

December 31, 2023		**Level 1**		**Level 2**		**Level 3**
Cash and cash equivalents	$	59,221	$	-	$	-
Investments		5,200		-		-
	$	64,421	$	-	$	-

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and expansion of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company considers equity, comprising of all issued share capital, accumulated deficit, and accumulated other comprehensive income, as well as its lease liability, as follows:

		December 31, 2024		December 31, 2023
Equity	$	2,502,364	$	1,352,288
Lease liability		19,263		11,882
	$	2,521,627	$	1,364,170

Expressed in Canadian Dollars

12. CAPITAL MANAGEMENT (continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. At December 31, 2024, the Company is not subject to any externally imposed capital requirements.

13. INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the consolidated financial statements since the Company cannot be assured that it is probable that such benefit will be utilized in future years.

The components of the deferred tax asset, the statutory tax rate, the effective tax rate and the unrecognized deferred income tax asset are as follows:

	2024	2023
Loss before income taxes	$ (386,644)	$ (274,954)
Corporate tax rate	27%	27%
Expected tax recovery	(104,000)	(74,000)
Decrease resulting from:		
Non-deductible items for tax purposes and other items	19,000	39,000
Change in unrecognized deferred income tax assets	85,000	35,000
Deferred income tax expense (recovery)	$ -	$ -

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	2024	2023
Unrecognized deferred income tax assets include:		
Non-capital losses	$ 747,000	$ 671,000
Investments	27,000	27,000
Exploration and evaluation assets	459,000	459,000
Share issuance costs	11,000	1,000
Capital assets and other	-	1,000
	1,244,000	1,159,000
Unrecognized deferred income tax assets	(1,244,000)	(1,159,000)
	$ -	$ -

Expressed in Canadian Dollars

13. INCOME TAXES (continued)

At December 31, 2024, the Company has non-capital losses of approximately $2,658,000 (2023 - $2,396,000) for Canadian income tax purposes which are available to reduce future taxable income. If not utilized, the losses expire through 2044 as follows:

	$
2026	177,000
2027	126,000
2028	112,000
2029	147,000
2030	102,000
2031	118,000
2032	54,000
2033	70,000
2034	59,000
2036	81,000
2037	187,000
2038	142,000
2039	132,000
2040	173,000
2041	401,000
2042	235,000
2043	79,000
2044	263,000
	2,658,000

As at December 31, 2024, the Company's U.S. subsidiary has U.S.-based non-capital tax losses of approximately US$55,000 (2023 - US$55,000) available to reduce future taxable income. These losses begin to expire in 2029.

As at December 31, 2024, the Company's Mexico subsidiary has Mexican-based non-capital tax losses of approximately MXN$485,000 (2023 - MXN$217,000) available to reduce future taxable income. These losses begin to expire in 2031.

In addition, the Company has accumulated Canadian Exploration Expenses, Canadian Development Expenses and Foreign Exploration and Development Expenses for income tax purposes of $1,700,000 (2023 - $1,702,000). The expenditures pools can be carried forward indefinitely to be applied against income of future years.