



HELIOSTAR METALS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JUNE 30, 2024, AND 2023

NOTICE TO READER
NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements.

HELIOSTAR METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	June 30, 2024	March 31, 2024
Assets			
Current			
Cash		3,246,163	752,894
Short-term investments	5	28,750	28,750
Amounts receivable		87,402	87,714
Prepaid amounts and advances	6	175,830	174,938
		3,538,145	1,044,296
Non-current			
Long-term prepaid amounts	6	26,039	51,982
Exploration and evaluation assets	7	26,051,045	26,051,045
Equipment	8	1,182,902	1,215,972
		27,259,986	27,318,999
		30,798,131	28,363,295
Liabilities			
Current			
Accounts payable and accrued liabilities	10	2,507,449	1,965,882
Due to related parties	11	23,307	49,168
Consideration payable	4	2,541,657	2,453,328
		5,072,413	4,468,378
Non-current			
Long-term liabilities	4	167,776	182,997
Reclamation and closure cost provisions	4, 12	500,802	489,782
		668,578	672,779
Total Liabilities		5,740,991	5,141,157
Shareholders' equity			
Share capital	13	92,520,307	87,846,147
Accumulated other comprehensive income		282,795	282,795
Reserves	13	11,867,204	11,531,492
Deficit		(79,613,166)	(76,438,296)
		25,057,140	23,222,138
		30,798,131	28,363,295

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on August 21, 2024. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

		Three months ended June 30,	
	Note	2024	2023
Exploration and evaluation			
Exploration expenditures	7	\$ 2,079,574	\$ 2,950,431
General and administrative			
Depreciation	8	33,070	38,980
Directors fees	11	19,500	14,750
Insurance		15,453	13,952
Investor relations and marketing		457,273	721,211
Management fees	11	104,250	104,250
Office operations		139,470	127,537
Professional fees		74,330	74,063
Regulatory fees		8,845	16,212
Share-based compensation	11, 13 (c),(e)	231,368	421,465
Transfer agent		2,706	5,443
Travel and promotion		3,279	15,449
		\$ 1,089,544	\$ 1,559,994
Loss before the undernoted		(3,169,118)	(4,510,425)
Other income / (expense)			
Accretion of consideration payable		\$ (74,865)	\$ -
Accretion of provision for reclamation and closure		(11,020)	(4,228)
Foreign exchange gain or (loss)		93,226	266,528
Interest income		371	9,142
Contingent payable revaluation loss		(13,464)	(18,453)
Changes in fair value of marketable securities		-	(10,000)
		(5,752)	242,989
Loss for the period		(3,174,870)	(4,267,436)
Basic and diluted loss per share		\$ (0.02)	\$ (0.08)
Weighted average number of common shares outstanding (basic and diluted)		186,565,480	50,734,818

HELIOSTAR METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

Share Capital							
	Number of Shares	Amount	Reserves	Accumulated Comprehensive Loss	Deficit	Total Shareholders' Equity	
Balance, March 31, 2023	147,773,612	\$ 76,820,382	\$ 9,136,749	\$ 282,795	\$ (56,503,895)	\$ 29,736,031	
Private placement	-	(51,385)	-	-	-	(51,385)	
Warrants exercised	-	-	421,465	-	-	421,465	
Loss for the period	-	-	-	-	(4,267,436)	(4,267,436)	
Balance, June 30, 2023	147,773,612	\$ 76,768,997	\$ 9,558,214	\$ 282,795	\$ (60,771,331)	\$ 25,838,675	
Balance, March 31, 2024	184,292,180	\$ 87,846,147	\$ 11,531,492	\$ 282,795	\$ (76,438,296)	\$ 23,222,138	
Private placement	16,904,585	4,310,669	169,045	-	-	4,479,714	
Subscriptions received	-	499,790	-	-	-	499,790	
Shares issued on vesting of share units	739,581	166,406	(166,406)	-	-	-	
Share issuance costs - cash	-	(201,000)	-	-	-	(201,000)	
Share issuance costs - warrants	-	(101,705)	101,705	-	-	-	
Share-based compensation	-	-	231,368	-	-	231,368	
Loss for the period	-	-	-	-	(3,174,870)	(3,174,870)	
Balance, June 30, 2024	201,936,346	\$ 92,520,307	\$ 11,867,204	\$ 282,795	\$ (79,613,166)	\$ 25,057,140	

HELIOSTAR METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Three months ended June 30	
	2024	2023
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (3,174,870)	\$ (4,267,436)
Items not affecting cash:		
Accretion of consideration payable	74,865	-
Accretion of provision for reclamation and closure	11,020	4,228
Depreciation	33,070	38,980
Share-based payments	231,368	421,465
Fair value loss on marketable securities	-	10,000
Unrealized foreign exchange	(1,757)	4,708.00
Consideration payable revaluation	-	18,453.00
<i>Net change in non-cash working capital</i>		
Amounts receivable	312	(237,513)
Prepaid amounts and advances	25,051	307,169
Accounts payable and accrued liabilities	541,567	148,056
Due to related parties	(25,861)	(125,167)
	\$ (2,285,235)	\$ (3,677,057)
Financing activities		
Proceeds from share issuance, net of share issue costs	4,778,504	(51,385)
	\$ 4,778,504	\$ (51,385)
Change in cash	2,493,269	(3,728,442)
Cash, beginning of the period	\$ 752,894	\$ 4,129,232
Cash, end of the period	\$ 3,246,163	\$ 400,790
Schedule of Non-cash Investing and Financing Transactions		
Residual value of warrants	\$ 169,045	\$ -
Fair value of broker's warrants	101,705	-

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (the "Company") is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 1723-595 Burrard Street, Vancouver, BC, V7X 1J1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR". The Company is also trading on the OTCQX under the trading symbol "HSTXF".

These condensed consolidated interim financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company has incurred operating losses since inception, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Rounded to 000's	June 30, 2024	March 31, 2024
Working capital (deficit)	\$ (1,534,000)	\$ (3,424,000)
Accumulated deficit	\$ (79,613,000)	\$ (76,438,000)

2. BASIS OF PREPARATION – STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and related IFRS Interpretations Committee (“IFRICs”), as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name of the company	Place of incorporation	Proportion of ownership interest June 30, 2024	Proportion of ownership interest March 31, 2024	Principal activity
Heliostar Metals USA Inc.	Nevada, USA	100%	100%	Mineral exploration
Heliostar Metals Alaska Inc.	Alaska, USA	100%	100%	Mineral exploration
Heliodor Metals Limited	British Columbia, Canada	100%	100%	Holding company
Heliodor Metals Mexico S.A. de C.V.	Chihuahua, Mexico	100%	100%	Mineral exploration
Aurea Mining Inc.	British Columbia, Canada	100%	100%	Holding company
Minera Aurea S.A. de C.V.	Guerrero, Mexico	100%	100%	Mineral exploration
Heliostar Mexico S.A. de C.V.	Chihuahua, Mexico	100%	100%	Mineral exploration

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2024.

The preparation of Financial Statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended March 31, 2024. Certain comparative figures may have been reclassified to conform to the current period's presentation.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a) Key sources of estimation uncertainty

Share-based payments

The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such a determination is made.

Estimated useful lives and depreciation of equipment

Depreciation of equipment is dependent upon estimates of useful lives based on management's judgment.

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Fair value of assets and liabilities acquired

The cost of acquiring exploration and evaluation assets is capitalized and represents their fair value at the date of acquisition. The carrying values of Aurea Mining acquired by the Company are subject to estimates relating to the fair value of other assets and liabilities of Aurea Mining at the acquisition date.

Contingent consideration

The Company's accounting policy for contingent consideration involves making estimates and assumptions regarding future events or circumstances. These include assessing probabilities and timing of payments and applying discount rates to cash flows. These estimates are subject to change with new information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)*

b) Key sources of judgment uncertainty

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at June 30, 2024.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and evaluation assets

Management reviews the carrying value of the Company's exploration and evaluation assets on a quarterly basis or when there are indications that the carrying amount may not be recovered. The assessment of potential impairment involves judgment and considers various factors such as the Company's market capitalization, fluctuations in metal prices, property plans, and the results of exploration activities conducted so far. This evaluation also considers changes in the market or business environment, events that have affected the asset, and information obtained from internal reporting to determine if any indications of impairment exist.

Acquisitions

On acquisition of a set of assets and liabilities, management applies judgment in determining whether the set acquired includes the inputs and processes applied to those inputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. Transactions accounted for as business combinations may result in goodwill, or a bargain purchase gain, and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill, or a bargain purchase gain, and transaction costs are capitalized as part of the assets acquired.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Aurea Mining Inc. (Note 4) met the criteria for accounting as an asset.

4. ACQUISITION OF AUREA MINING

On March 28, 2023, the Company acquired 100% of the issued and outstanding shares of Aurea Mining Inc. ("Aurea Mining"), a wholly owned subsidiary of Argonaut Gold Inc. ("Argonaut"), a publicly traded company listed on the Toronto Stock Exchange. Aurea Mining's wholly owned subsidiary Minera Aurea, S.A. de C.V. ("Minera Aurea") holds a 100% indirect interest in the Ana Paula project ("Ana Paula"). For accounting purposes, the acquisition has been recorded as an asset acquisition as Aurea Mining did not meet the definition of a business, as defined in IFRS 3 Business Combinations.

Purchase consideration includes the following:

1. a US\$10 million (\$13,626,000) payment on closing (paid).
2. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as having an aggregate value of US\$5.0 million divided by the Heliostar share price of \$0.25;
3. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) July 1, 2024, a cash payment to Argonaut of US\$2.0 million.
4. On the date that the Company announces a construction decision for the Ana Paula project it will pay Argonaut a cash payment of US\$3.0 million and US\$2.0 million in cash or Heliostar Shares at a price equal to the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days immediately prior to the announcement of the construction decision; and
5. If the Company doesn't announce mine construction at the Ana Paula Project by July 1, 2025, they must make annual payments of US\$300,000 to Argonaut. Alternatively, they can issue Heliostar Shares equal to US\$300,000 divided by VWAP of Heliostar Shares. However, if construction is delayed due to permit issues, no payments are required. Any payments made will be credited towards the US\$5.0 million payment required on the commencement of commercial production.
6. On the date that the Company commences commercial production at the Ana Paula project, it will pay Argonaut an additional US\$5.0 million in cash and US\$3.0 million in cash or Heliostar Shares at a price equal to the VWAP of the Heliostar Shares for the ten trading days immediately prior to the announcement of commercial production.

Net identifiable assets (liabilities) acquired in the acquisition of Ana Paula are identified as follows:

Total consideration	
Cash payment	\$ 13,626,000
Transaction costs	452,699
Consideration payable	2,308,246
	\$ 16,386,945
Net identifiable assets (liabilities) acquired	
Cash and cash equivalents	\$ 18,016
Prepaid expenses and deposits	45,028
Property, plant, and equipment	1,259,766
Exploration and evaluation assets	15,489,131
Accounts payable and accrued liabilities	(68,381)
Other long-term liabilities	(168,717)
Asset retirement obligation	(187,898)
Total	\$ 16,386,945

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2024, AND 2023
(Presented in Canadian Dollars)

4. ACQUISITION OF AUREA MINING (continued)

On September 1, 2023, the Company signed an agreement with Argonaut which amended certain provisions to the purchase consideration:

1. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as is equal to US\$5.0 million divided by the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days ending on the last trading day immediately prior to the date of award of the earlier of the permits referenced.
2. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) January 1, 2025, a cash payment to Argonaut of US\$2.0 million.

Consideration payable is comprised of the US\$2.0 million payable due on the earlier of completion of a feasibility study and January 1, 2025.

During the period ended June 30, 2024, the Company recognized an accretion expense of \$74,865 related to the contingent consideration (June 30, 2023 - \$69,954), and a foreign exchange gain of \$13,464.

The pre-tax discount rate applied to the consideration payable calculation is 12%, which represents the current market assessment of the risk specific to the Company, taking into consideration the time value. A 10% decrease/increase in the discount rate would increase/decrease the consideration payable balance as of June 30, 2024, by approximately \$231,000.

	USD	Exchange rate	CAD
Balance, March 31, 2024	\$ 1,810,574	1.3550	\$ 2,453,328
Accretion	54,862	1.3646	74,865
Foreign exchange	-	-	13,464
Balance, June 30, 2024	\$ 1,865,436	1.3625	\$ 2,541,657

5. SHORT-TERM INVESTMENTS

As at June 30, 2024, the Company pledged \$28,750 with Bank of Montreal (March 31, 2024 - \$28,750) as collateral for a corporate credit card.

6. PREPAID AMOUNTS AND ADVANCES

	June 30, 2024	March 31, 2024
Prepaid amounts and advances	\$ 175,830	\$ 174,938
Long-term prepaid amounts	\$ 26,039	\$ 51,982

Prepaid amounts include advances made to contractors and expenses related to future periods which are expensed when they are incurred.

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2024, AND 2023
(Presented in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at June 30, 2024, and March 31, 2024:

	Alaska (USA) Unga	Sonora (Mexico) Heliodor	Guerrero (Mexico) Ana Paula	Total
March 31, 2023	\$ 4,568,405	\$ 5,666,991	\$ 15,489,131	\$ 25,724,527
Additions	-	-	51,769	51,769
Changes in closure and reclamation	-	-	274,749	274,749
March 31, 2024	\$ 4,568,405	\$ 5,666,991	\$ 15,815,649	\$ 26,051,045
Additions	-	-	-	-
Changes in closure and reclamation	-	-	-	-
June 30, 2024	\$ 4,568,405	\$ 5,666,991	\$ 15,815,649	\$ 26,051,045

The Company incurred the following exploration expenditures during the three months ended June 30, 2024, and 2023:

	Alaska Unga	Sonora Heliodor	San Antonio	Guerrero Ana Paula	Total
Exploration expenditures					
Assaying	\$ -	\$ -	\$ -	\$ 7,093	\$ 7,093
Bulk Sampling	-	-	-	1,603	1,603
Camp support	867	-	-	(22,379)	(21,512)
Claim maintenance	-	-	165,372	808,424	973,796
Consulting and salaries	14,444	1,033	49,268	343,798	408,543
Drilling	-	-	-	24	24
Equipment rental	-	715	-	9,499	10,214
Fuel & transportation	-	-	-	12,038	12,038
Geological	-	-	-	(517)	(517)
Geophysical	-	-	-	25,449	25,449
Other	-	-	37,821	(7,564)	30,257
PEA	-	-	-	241,749	241,749
Safety	-	-	-	46,057	46,057
Supplies and materials	-	-	4,624	20,994	25,618
Technical report	-	-	-	36,047	36,047
Transportation and surface access	-	17,667	101,260	150,693	269,620
Travel and accommodation	-	-	-	13,496	13,496
Period ended June 30, 2024	\$ 15,311	\$ 19,415	\$ 358,344	\$ 1,686,504	\$ 2,079,574

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2024, AND 2023
(Presented in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Exploration expenditures	Alaska Unga	Sonora Heliodor	Guerrero Ana Paula	Total
Assaying	\$ -	\$ 707	\$ 420	\$ 1,127
Camp support	4,431	-	343,065	347,496
Consulting	29,750	-	262,855	292,605
Drilling	-	3,044	901,335	904,379
Equipment rental	-	722	88,537	89,259
Fuel & transportation	-	3	42,676	42,679
Geological	-	46,018	305,921	351,939
Geophysical	1,997	75	-	2,072
Other	-	-	32,965	32,965
Rescoping	-	-	87,949	87,949
Safety	-	-	55,237	55,237
Permitting	403	-	3,801	4,204
Supplies and materials	-	9	4,805	4,814
Technical report	-	-	10,102	10,102
Transportation and surface access	-	3,900	2,016	5,916
Travel and accommodation	-	86	19,196	19,282
Vegetation removal	-	-	493,432	493,432
Effects of foreign exchange	-	-	204,974	204,974
Period ended June 30, 2023	\$ 36,581	\$ 54,564	\$ 2,859,286	\$ 2,950,431

a) Ana Paula Project, Guerrero, Mexico

The Ana Paula Project is a gold resource development project located in Guerrero State, Mexico.

The Company acquired the Ana Paula project in March 2023 from Argonaut Gold, Inc. (Note 4). The Company recognizes the liabilities for legal or constructive obligations associated with the retirement of the Ana Paula projects (Note 12).

b) San Antonio option

In December 2022, the Company entered into an Option Agreement with Argonaut with an amendment in February 2023, whereby the Company has been granted the option to acquire a 100% interest in and to Argonaut's San Antonio project, located in Baja California Sur, Mexico. The term of the Option Agreement is for a three-year period, provided, however, the term may be extended for an additional 18-months in the event the Company is able to successfully acquire the required environmental permits to advance the San Antonio gold project. The consideration payable upon exercise of the option is summarized below:

1. A cash payment to Argonaut of US\$80 million in the event the average gold price is below \$1,800 per ounce for the six months preceding the Company exercising the option; or
2. A cash payment to Argonaut of US\$120 million in the event the average gold price is between \$1,800 per ounce to \$2,000 per ounce for the six months preceding the Company exercising the option; or
3. A cash payment to Argonaut of US\$150 million in the event the average gold price is above \$2,000 per ounce for the six months preceding the Company exercising the option; and
4. Granting Argonaut a 2% NSR royalty in the event of exercise of the option (capped at 2% for claims with existing NSR considerations).

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

c) Unga Project, Alaska, USA

The Unga Project is comprised of patented Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

On July 1, 2019, (amended on August 29, 2019), the Company signed an exploration agreement with an option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

Pursuant to the Agreement, the Company is required to complete the following:

	Cash (a) (US\$)	Exploration Expenditure on the Property (b) (US\$)
On the execution date of the agreement	\$75,000 (i)	\$500,000 (ii)
July 1, 2020	75,000 (i)	525,000 (ii)
July 1, 2021	80,000 (i)	525,000 (ii)
July 1, 2022	85,000 (i)	550,000 (ii)
July 1, 2023	90,000 (i)	600,000 (ii)
July 1, 2024	95,000	700,000 (iii)
July 1, 2025	100,000	750,000
July 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

(a) The cash amount includes the option payments and the materials payments.

(b) The first year's year begins from July 1, 2019. Subsequent option years commence on January 1 and end December 31.

(i) Paid

(ii) Incurred

(iii) Partially incurred

The Company is currently negotiating the renewal of aa surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project".

d) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor Metals Limited ("Heliodor") in August 2020, the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

(i) The Oso Negro project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months (paid); and US\$100,000 after 18 months (December 15, 2021). The December 15, 2021, payment was re-negotiated and settled for US\$75,000 (paid) on September 13, 2021, as the final payment to acquire the property. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

d) Heliodor projects, Sonora, Mexico *(Continued)*

(ii) The La Lola project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2022 (paid); and US\$25,000 by March 25, 2022 (paid). The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

(iii) The Cumaro project

The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000.

8. EQUIPMENT

	Equipment	Vehicles	Buildings	Total
Cost				
Balance - March 31, 2023	\$ 4,200	\$528,234	\$931,529	\$1,463,963
Additions	48,467			48,467
Balance - March 31, 2024	\$ 52,667	\$528,234	\$931,529	\$1,512,430
Additions	-			-
Balance - June 30, 2024	\$ 52,667	\$528,234	\$931,529	\$1,512,430
Accumulated depreciation				
Balance - March 31, 2023	\$ 4,200	\$132,701	\$ -	\$ 136,901
Depreciation	3,636	118,660	37,261	159,557
Balance - March 31, 2024	\$ 7,836	\$251,361	\$ 37,261	\$ 296,458
Depreciation	3,362	20,765	8,943	33,070
Balance - June 30, 2024	\$ 11,198	\$272,126	\$ 46,204	\$ 329,528
Carrying amounts				
As at March 31, 2024	\$ 44,831	\$276,873	\$894,268	\$1,215,972
Balance - June 30, 2024	\$ 41,469	\$256,108	\$885,325	\$1,182,902

9. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended June 30, 2024. The Company is not subject to externally imposed capital requirements.

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10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	March 31, 2024
Accounts Payable	1,810,163	1,209,533
Withholding tax and other tax payable	41,936	24,510
Other payables	655,350	731,838
	2,507,449	1,965,881

11. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the period ended June 30, 2024, was \$359,845 (June 30, 2023 - \$354,998) and comprised of the following:

	Three months ended	
	June 30, 2024	June 30, 2023
Senior executive fees	\$ 161,750	\$ 104,249
Non-executive directors fees	19,500	14,750
Share-based compensation	178,596	235,999
	\$ 359,845	\$ 354,998

Other balances due to related parties include the following:

(a) Due to related parties

As of June 30, 2024, \$23,307 (March 31, 2024 - \$49,168) was payable to the management of the Company as part of their management fees.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

12. RECLAMATION AND CLOSURE COST PROVISIONS

On March 28, 2023, the Company acquired Aurea Mining (Note 4) from Argonaut Gold Inc. The Company recognizes liabilities for legal or constructive obligations associated with the retirement of the Ana Paula projects. The net present value of future rehabilitation costs is capitalized to the Ana Paula Project along with a corresponding increase in the rehabilitation provision of \$187,898.

Environmental monitoring and basic site maintenance costs are treated as period costs and are expensed in the period incurred.

The total undiscounted cash flow estimated to settle the obligation as at June 30, 2024, was \$668,932 (March 31, 2024: \$668,932) which was adjusted for inflation at the rate of 4.10% (March 31, 2024: 4.10%) and then discounted at a rate of 8.01% (March 31, 2024: 8.01%). The Company anticipates incurring the reclamation and closure costs after 9 years.

	Aurea Mining
Balance at March 31, 2023	\$ 187,898
Change in estimate	274,749
Accretion expense	27,135
Balance at Marzo 31, 2024	\$ 489,782
Accretion expense	11,020
Balance at June 30, 2024	\$ 500,802

13. SHARE CAPITAL

a) Authorized:

At June 30, 2024, and 2023, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Share Issuances:

For the period ended June 31, 2024:

On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$4,479,715 in gross proceeds.

The Company also paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$200,000. In addition, the Company issued the finders 554,718 non-transferable finder's warrants. Each Finder's Warrant entitles the holder to purchase one Share at a price of \$0.265 for a period of 12 months.

For the year ended March 31, 2024:

On July 11, 2023, the Company completed a private placement, offering of 18,919,024 units at \$0.37 per unit for approximately \$7,000,038 in gross proceeds. Out of the gross proceeds of the private placement, \$378,380 residual value was attributed to warrants.

Each unit includes one common share and half of a warrant. The warrant allows purchasing one common share at \$0.50 for the first six months until January 11, 2024, and then at \$0.70 for the remaining 12 months.

The Company issued 599,412 non-transferable compensation options to the agents. The Company recognized \$92,824 as share issue cost for the fair value of the compensation options granted to the agents. Each compensation option entitles the holder to purchase one common share at \$0.37 for a period of 18 months. The assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of stock options are disclosed in section c) Share Purchase Option Compensation Plan.

In connection with the non-brokered portion of the financing, the Company issued 111,894 non-transferable finder's warrants to the finder. Each finder's warrant entitles the holder to purchase one common share at \$0.37 for a period of 18 months. The finders' warrants have a fair value of \$17,328 using the Black-Scholes Option Pricing Model. The assumptions used in the Black-Scholes Options Pricing Model to estimate the fair value of warrants can be found in Note 13(d).

On November 14, 2023, the Company announced an early warrant exercise incentive program, the purpose of which was to encourage the early exercise of the Company's warrants issued on March 16, 2023. Under the incentive program, holders of such warrants were entitled to receive one-third of one common share purchase warrant, if they exercised their March 16, 2023 warrants prior to 12:00 p.m. PST on December 8, 2023.

On December 8, 2023, the Company issued 17,599,544 common shares upon the exercise of warrants, for gross proceeds of \$5,279,863.

The Company incurred \$765,604 in cash share issue costs.

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13. SHARE CAPITAL (Continued)

c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange, and the term cannot exceed 10 years. The vesting period of each option is determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the period ended June 30, 2024, and March 31, 2024 is summarized as follows:

Expiry date	Exercise price	March 31, 2024	Granted	Exercised	Expired / Cancelled	June 30, 2024
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,023,333	-	-	-	1,023,333
March 27, 2028	\$ 0.30	8,651,250	-	-	-	8,651,250
January 11, 2025	\$ 0.37	599,412	-	-	-	599,412
December 5, 2028	\$ 0.33	1,500,000	-	-	-	1,500,000
December 11, 2028	\$ 0.30	200,000	-	-	-	200,000
Options outstanding		14,170,662	-	-	-	14,170,662
Options exercisable		10,153,579				10,153,579
Weighted average exercise price		\$0.51	-	-	-	\$0.51

Expiry date	Exercise price	March 31, 2023	Granted	Exercised	Expired / Cancelled	March 31, 2024
March 15, 2024	\$ 0.75	96,667	-	-	(96,667)	-
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,023,333	-	-	-	1,023,333
March 27, 2028	\$ 0.30	8,651,250	-	-	-	8,651,250
January 11, 2025	\$ 0.37	-	599,412	-	-	599,412
December 5, 2028	\$ 0.33	-	1,500,000	-	-	1,500,000
December 11, 2028	\$ 0.30	-	200,000	-	-	200,000
Options outstanding		11,967,917	2,299,412	-	(96,667)	14,170,662
Options exercisable		5,780,973				10,153,579
Weighted average exercise price		\$0.55	\$0.33	-	\$0.75	\$0.51

As of June 30, 2024, the weighted average contractual remaining life is 3.19 years (March 31, 2024 – 3.44 years). The weighted average exercise price for options exercisable as at June 30, 2024, is \$0.59 (March 31, 2024 – \$0.59).

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13. SHARE CAPITAL *(Continued)*

c) Share Purchase Option Compensation Plan *(Continued)*

As at June 30, 2024, the Company recognized \$231,368 (June 30, 2023 - \$323,630) in share-based payments expense for the fair value of stock options granted and vested. The following table summarizes the weighted average assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of stock options:

	June 30, 2024	March 31, 2023
Expected dividend yield	Nil	Nil
Expected stock price volatility	160.38%	160.38%
Fair value of stock price	\$0.35	\$0.35
Risk-free interest rate	2.91%	2.91%
nFair value	\$0.31	\$0.31
Forfeiture rate	Nil	Nil
Expected life of options	3.19 years	3.44 years

d) Warrants

A continuity of warrants for the period ended June 30, 2024, and March 31, 2024 is as follows:

Expiry date	Exercise price	March 31, 2024	Issued	Exercised	Expired	June 30, 2024
August 2, 2024	\$ 0.75	6,010,000	-	-	-	6,010,000
August 2, 2024	\$ 0.75	29,400	-	-	-	29,400
March 16, 2026	\$ 0.30	2,521,461	-	-	-	2,521,461
March 16, 2026	\$ 0.30	28,764,092	-	-	-	28,764,092
January 11, 2025	\$ 0.70	9,459,512	-	-	-	9,459,512
January 11, 2025	\$ 0.37	111,894	-	-	-	111,894
March 26, 2026	\$ 0.40	5,866,504	-	-	-	5,866,504
June 21, 2025	\$ 0.27	-	554,718	-	-	554,718
Outstanding		52,762,863	554,718	-	-	53,317,581
Weighted average exercise price		\$ 0.43	\$ 0.27	-	-	\$ 0.43

Expiry date	Exercise price	March 31, 2023	Issued	Exercised	Expired	March 31, 2024
October 18, 2023	\$ 1.20	928,732	-	-	(928,732)	-
October 18, 2023	\$ 1.20	58,107	-	-	(58,107)	-
November 5, 2023	\$ 1.20	1,938,303	-	-	(1,938,303)	-
November 5, 2023	\$ 1.20	199,124	-	-	(199,124)	-
August 2, 2024	\$ 0.75	6,010,000	-	-	-	6,010,000
August 2, 2024	\$ 0.75	29,400	-	-	-	29,400
March 16, 2026	\$ 0.30	2,521,461	-	-	-	2,521,461
March 16, 2026	\$ 0.30	46,363,636	-	(17,599,544)	-	28,764,092
January 11, 2025	\$ 0.70	-	9,459,512	-	-	9,459,512
January 11, 2025	\$ 0.37	-	111,894	-	-	111,894
March 26, 2026	\$ 0.40	-	5,866,504	-	-	5,866,504
Outstanding		58,048,763	15,437,910	(17,599,544)	(3,124,266)	52,762,863
Weighted average exercise price		\$0.36	\$0.58	\$0.30	\$1.20	\$0.43

* On February 2, 2023, 12,020,000 and 58,800 warrants from August 2, 2022, convert to half-warrants. Two half-warrants can buy one Common Share at \$0.75 per share. The warrants expired 18 months from issuance date (August 2, 2022).

13. SHARE CAPITAL *(Continued)*

d) Warrants (continued)

The weighted average remaining life of the outstanding warrants as at June 30, 2024, is 1.31 years (March 31, 2024 – 1.53 years).

The fair value of the finder's warrants issued during the period ended June 30, 2024, was \$101,705 (2024: \$17,328).

The following table summarizes the weighted average assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	June 30, 2024	March 31, 2024
Risk-free interest rate	4.46%	4.46%
Expected stock price volatility	200.94%	95.05%
Expected warrant life in years	1 year	1.03 years
Fair value	\$0.18	\$0.15
Expected dividend yield	Nil	Nil
Share price on grant date	\$0.265	\$0.35

e) Restricted shares units (RSU)

	Number of RSUs
Outstanding, March 31, 2023	2,218,750
Granted	550,000
Vested	(739,581)
Outstanding, March 31, 2024	2,029,169
Granted	-
Vested	-
Outstanding, June 30, 2024	2,029,169

On March 27, 2024, 739,581 RSUs vested with a fair value on the grant date of \$0.225 per RSU. The share issuance was completed until April 17, 2024. (There were no RSUs vested as at March 31, 2023)

The total grant date fair value of the RSUs was \$643,438, which will be realized as the RSUs vest.

For the period ended June 30, 2024, the Company has recognised a fair value of \$70,661 (March 31, 2023: \$424,624) for the RSUs.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short-term investments which are carried at fair value.

The fair value of the Company's marketable securities is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The valuation of these liabilities requires the use of significant estimates (Note 3, Critical accounting estimates). Insofar as the amount of the obligation can be measured with sufficient reliability, the net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period recognized. The net present value of the rehabilitation obligation is calculated using a pre-tax discount rate that reflects the time value of money. Environmental monitoring and basic site maintenance costs are treated as period costs and are expensed in the period incurred.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, infrastructure or technology, discount rates and estimates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as accretion expense.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

i. Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

ii. Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary assets of approximately \$32,432 denominated in US dollars and net monetary assets of \$9,151,006 denominated in Mexican pesos. A 10% change in the absolute rate of exchange in the foreign currencies would have an effect of \$114,995 to the net loss.

iii. Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken. Fluctuations in pricing may not be significant.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at June 30, 2024, the Company had a cash balance of \$3,246,163 (March 31, 2024: \$752,894) and accounts payable and accrued liabilities of \$5,572,203 (March 31, 2024: \$4,468,378) with contractual maturities of less than one year. The Company does not have sufficient cash to meet its current liabilities but can continue to raise funds through private placements. The management assessed the liquidity risk as high.

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15.SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada, Mexico and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
June 30, 2024				
<i>Non-current assets</i>				
Long-term prepaid amounts	\$ 12,000	\$ -	\$ 14,000	26,000
Exploration and evaluation assets	-	4,568,000	21,483,000	26,051,000
Equipment	-	44,000	1,139,000	1,183,000
March 31, 2024				
<i>Non-current assets</i>				
Long-term prepaid amounts	\$ 19,000	\$ -	\$ 33,000	52,000
Exploration and evaluation assets	-	4,568,000	21,483,000	26,051,000
Equipment	-	47,000	1,169,000	1,216,000

16.SUBSEQUENT EVENTS

- (i) On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 1,886,000 units at \$0.265 per unit for approximately \$499,790 in gross proceeds.
- (ii) On July 17, 2024 the Company entered into a binding agreement with Florida Canyon Gold Inc. ("FCGI") to acquire a 100% interest in all of FCGI's mining assets in Mexico for consideration of US\$5 million. The projects being acquired were recently spun out from Argonaut Gold Inc.

Pursuant to the transaction, the Company will acquire those FCGI subsidiaries which collectively own 100% of the following properties: La Colorada Mine, located in Sonora; San Agustin Mine (formerly the El Castillo Complex), San Agustin, El Castillo, located in Durango; Cerro del Gallo, located in Guanajuato; and San Antonio, located in Baja California Sur.

As a condition to closing of the transaction, the Company and FCGI will enter into termination agreements for the Ana Paula acquisition agreement (Note 4) and San Antonio option agreement (Note 7 (b)).

The Company will acquire the projects in exchange for US\$5 million, payable on closing.

The closing of the transaction is subject to certain conditions, including approval of the TSX Venture Exchange, other consents and regulatory approvals including approval from the Mexican Federal Economic Competition Commission, and the corporate entities holding the projects having net working capital of at least US\$2 million. Closing is not subject to any financing condition.

FCGI has agreed that the cash generated in respect of the projects until the Closing Date, less US\$5M in operating cashflow, will be for the benefit of the Company.