Audited Consolidated Financial Statements of

Resouro Gold Inc.

(formerly eShippers Management Ltd.)

For the year ended March 31, 2023 and for the fifteen months ended March 31, 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Resouro Gold Inc.:

Opinion

We have audited the consolidated financial statements of Resouro Gold Inc. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2023 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Change in Accounting Policy

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its presentation currency from US dollars to Canadian dollars effective May 15, 2022. This change has been retrospectively applied. The statement of financial position as of January 1, 2021 has been included pursuant to the requirements of International Financial Reporting Standards.

Key Audit Matters

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

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

Reverse Takeover Transaction

Key Audit Matter Description

On May 15, 2022, the Company acquired the share capital of Ison Mining Pte Ltd. (“ISON”).

As described in Note 3 to the consolidated financial statements, management determined that the transaction represented a reverse takeover ("RTO").

The RTO is a significant transaction which requires significant judgment and estimates in the determination of the applicable accounting treatment and valuation of the consideration paid.

Given the judgment required to determine the applicable accounting treatment for the transaction, together with the judgment and estimation regarding the fair value of consideration, this was considered to be a key audit matter.

Audit Response

We responded to this matter by performing procedures in relation to the RTO transaction. Our audit work in relation to this included, but was not restricted to, the following:

- Reviewed the filing statement and considered factors including the Board composition, background of the transaction and associated terms to assess the appropriateness of management’s judgment that this transaction represented a RTO and that it should be accounted for under IFRS 2 "Share-based Payment" rather than IFRS 3 "Business Combinations".
- Assessed the valuation of the common shares issued as consideration in the RTO and tested the accuracy of the corresponding listing expense.

Accounting treatment for the change in functional and presentation currency

Key Audit Matter Description

As described in Note 2 to the consolidated financial statements, effective May 15, 2022, the functional currency of the Company’s subsidiaries Ison Mining Pte Ltd. (“ISON”) and Ison Do Brasil Mineração (“ISON do Brasil”) changed from US dollars to Canadian dollars. Further to this, the presentation currency of the subsidiaries changed from US dollars to Canadian dollars and this change was applied retrospectively.

We identified the accounting evaluation supporting the change in the functional and presentation currency as a key audit matter which involved management judgment in evaluating the primary and other indicators under IAS 21 to assess the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions in the light of business changes. This also involved significant auditor attention and judgment due to the nature and materiality of the matter.

Audit Response

We responded to this matter by performing procedures in relation to accounting treatment for the change in functional and presentation currency. Our audit work in relation to this included, but was not restricted to, the following:

- Reviewed management's accounting treatment memorandum in accordance with the requirements of IAS 21 and assessed the reasonableness of management's conclusions relating to the use of Canadian dollars as the functional currency.
- Obtained management's analysis and recalculated the mathematical accuracy of the impact of a change in functional currency.

- Assessed reasonableness of management's calculation for comparative balances disclosed in the consolidated financial statements and the related notes to the consolidated financial statements in relation to the change in presentation currency.
- Assessed the appropriateness and completeness of the Company's disclosures in the notes to the consolidated financial statements.

Other Matter

We draw attention to Note 2 to the consolidated financial statements, which explains that comparative information presented for the fifteen-month period ended March 31, 2022 has been restated due to the change of presentation currency. Our opinion is not modified in respect of this matter.

The consolidated financial statements for the fifteen-month period ended March 31, 2022 and the year ended December 31, 2020 (not presented herein but from which the comparative information as at January 1, 2021 has been derived), excluding the adjustments that were applied to restate comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on June 27, 2022.

As part of our audit of the consolidated financial statements for the year ended March 31, 2023, we also audited the adjustments applied to restate comparative information as at March 31, 2022 and January 1, 2021, and for the fifteen-month period ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the fifteen-month period ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sergey Fesenko.

Calgary, Alberta

MNP LLP

July 31, 2023

Chartered Professional Accountants

RESOURO GOLD INC. (formerly eShippers Management Ltd.)
Consolidated Statements of Financial Position
As at March 31, 2023, March 31, 2022 and January 1, 2021
(Expressed in Canadian dollars)

As at,	Notes	March 31, 2023	March 31, 2022	January 1, 2021
ASSETS				
Current assets				
Cash		**$6,759**	$9,470	$13,058
Prepaid expenses		**3,899**	-	-
Accounts receivable		**45,717**	28,441	1,734
		56,375	37,911	14,792
Non-current assets				
Property and equipment	4	**14,234**	1,183	-
Exploration and evaluation assets	5	**1,102,387**	1,044,261	-
		1,116,621	1,045,444	-
TOTAL ASSETS		**1,172,996**	1,083,355	14,792
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	6	**859,557**	494,453	36,758
Loan payable	3	**-**	190,656	-
Due to related party	8	**261,099**	307,414	180,971
TOTAL LIABILITIES		**1,120,656**	992,523	217,729
SHAREHOLDERS' EQUITY				
Share capital	7	**5,770,329**	1,670,388	718,416
Warrants	7	**359,707**	-	-
Foreign currency translation reserve		**32,087**	64,743	(25,982)
Deficit		**(6,109,783)**	(1,644,299)	(895,371)
Total shareholders' equity		**52,340**	90,832	(202,937)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$1,172,996**	$1,083,355	$14,792
Going concern	1			
Subsequent events	12			

Approved by the Board of Directors on July 28, 2023

"Christopher Eager"
CEO and Director

"Philippe Martins"
Director

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from US dollars to Canadian dollars (Note 2).

RESOURO GOLD INC. (formerly eShippers Management Ltd.)
Consolidated Statements of Loss and Other Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	**For the Year Ended March 31, 2023**	For the Fifteen Months Ended March 31, 2022
General and administrative			
Consulting		**$164,923**	$195,738
Foreign exchange loss		**55,508**	7,712
Office and administrative expenses		**141,597**	4,231
Professional fees		**403,822**	144,436
Travel and related expenses		**183,052**	8,183
Depreciation	4	**1,294**	91
Exploration and evaluation expenditures	5	**1,684,872**	385,414
		2,635,068	745,805
Other items			
Interest income		**(7,405)**	-
Interest on loan payable		**341**	3,123
Listing expense	3	**1,837,480**	-
Net Loss		**4,465,484**	748,928
Other comprehensive loss			
Exchange difference on translating foreign operations		**(32,656)**	90,725
Net loss and other comprehensive loss		**$4,432,828**	$839,653
Net loss per share - basic and diluted		**$(0.010)**	$(0.03)
Weighted average shares outstanding basic and diluted		**43,076,420**	29,655,750

(1) Adjusted for the 2:1 share consolidation completed immediately prior to the completion of the RTO.

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from US dollars to Canadian dollars (Note 2).

RESOURO GOLD INC. (formerly eShippers Management Ltd.)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	**For the Year Ended March 31, 2023**	For the Fifteen Months Ended March 31, 2022
Cash flow used in operating activities			
Loss for the period		**$(4,465,484)**	$(748,928)
Items not affecting cash:			
Listing expense	3	**1,837,480**	-
Impairment of exploration and evaluation assets	5	**1,062,833**	-
Depreciation	4	**1,206**	91
Foreign exchange		**55,508**	7,712
Accrued interest		**-**	3,123
Net change in non-cash working capital balances:			
Accounts receivable		**(14,621)**	(26,707)
Prepaid expenses		**(3,899)**	-
Accounts payable and accrued liabilities	6	**(268,989)**	448,444
Cash flow used in operating activities		**(1,795,966)**	(316,265)
Cash flow provided by financing activities			
Related party financing	8	**(46,315)**	126,443
Loan payable		**-**	187,547
Private placement	7	**2,368,277**	951,972
Cash flow provided by financing activities		**2,321,962**	1,265,962
Cash flow used in investing activities			
Cash acquired from reverse take-over	3	**106,780**	-
Property and equipment	4	**(14,257)**	(1,274)
Exploration and evaluation costs	5	**(621,230)**	(952,011)
Cash flow used in investing activities		**(528,707)**	(953,285)
Net change in cash		**(2,711)**	(3,588)
Cash at the beginning of the period		**9,470**	13,058
Cash at the end of the period		**$6,759**	$9,470

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from US dollars to Canadian dollars (Note 2).

RESOURO GOLD INC. (formerly eShippers Management Ltd.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital[1]					
	Number of shares	**Amount**	**Warrants[1]**	**Other Comprehensive Income**	**Accumulated deficit**	**Total equity**
Balance at January 1, 2021	*21,905,750*	$718,416	$ -	$ (25,982)	$(895,371)	$(202,937)
Private placement	*7,750,000*	951,972	-	-	-	951,972
Foreign currency translation reserve	-	-	-	90,725	-	90,725
Net loss	-	-	-	-	(748,928)	(748,928)
Balance at March 31, 2022	*29,655,750*	1,670,388	-	64,743	(1,644,299)	90,832
ISON shares cancelled in share exchange with shareholders in RTO (Note 3)	(29,655,750)	(1,670,388)	-	-	-	(1,670,388)
Shares issued in share exchange with shareholders in RTO (recapitalization) (Note 3)	29,655,750	1,670,388	-	-	-	1,670,388
Shares deemed to be issued in RTO (Note 3)	7,031,079	2,091,371	-	-	-	2,091,371
Shares issued from concurrent private placement (Note 7)	7,288,127	2,550,844	-	-	-	2,550,844
Warrants (Note 3)	-	(383,257)	383,257	-		-
Share issuance costs (Note 7)	-	(159,017)	(23,550)	-	-	(182,567)
Foreign currency translation reserve	-	-	-	(32,656)	-	(32,656)
Loss for the year	-	-	-	-	(4,465,484)	(4,465,484)
Balance at March 31, 2023	***43,974,956***	**$5,770,329**	**$359,707**	**$32,087**	**$(6,109,783)**	**$52,340**

1 Refer to note 7

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from US dollars to Canadian dollars (Note 2).

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Resouro Gold Inc. ("**the Company"** or **"Resouro**"), formerly eShippers Management Ltd. ("**eShippers**"), was incorporated on August 4, 1992 under the laws of British Columbia. The Company's head office and registered and records office is Suite 520 – 999 West Hastings Street, Vancouver, British Columbia. The Company's shares are listed on the TSX Venture Exchange (the "**TSX**") under the symbol "RAU" and the Frankfurt Stock Exchange (the "**FSE**") under the symbol "BU9".

The Company changed its fiscal year end to March 31st effective May 15, 2022 upon the completion of the Company's reverse takeover transaction ("**RTO**") (Note 3). The change in the fiscal year end is made for the purpose of streamlining the Company's financial reporting. As part of the RTO, the Company completed a two-for-one ("**2:1**") share consolidation of all its issued and outstanding shares. All share amounts and per share amounts have been adjusted accordingly.

The Company is an exploration stage company and has interests in mineral exploration properties in Brazil. Substantially all of the Company's efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The recoverability of resources discovered is dependent upon the reserves being economically recoverable, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company's interest in the underlying claims and leases, ability to obtain the necessary permits to mine, and future profitable production or proceeds from the disposition of these assets.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these consolidated financial statements, the Company has entered into option agreements to acquire material property rights, but has not identified a known body of commercial-grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception. The Company had working capital deficit of $1,064,281 (March 31, 2022 $954,612) and an accumulated deficit of $6,109,783 (March 31, 2022 $1,644,299), and for the year then ended has incurred a loss from operations of $4,465,484 (15 months period ended March 31, 2022 $748,928) and negative operating cash flows of $1,795,966 (15 months period ended March 31 2022 $316,265).

These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management estimates that the Company currently has adequate capital to operate for the coming year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the reporting period.

There are no new IFRS and/or IFRIC pronouncements currently in effect that would have a material effect on the Company.

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

These audited consolidated financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the 15 months period ended March 31, 2022, except for the change in presentation currency of the Company from US dollars to Canadian dollars described below.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of these consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

These consolidated financial statements comprise the accounts of the parent company, and its wholly-owned subsidiaries, after the elimination of all material intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company has two wholly owned subsidiaries. Ison Do Brasil Mineração ("**ISON do Brasil**"), which is incorporated in Brazil and Ison Mining Pte Ltd. ("**ISON**"), which is incorporated in Singapore.

Functional and Presentation Currency

Effective May 15, 2022, the Company elected to change the presentation currency in its consolidated financial statements from US dollars to Canadian dollars, which was applied on a retrospective basis. A change in presentation currency represents a change in accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Company has retrospectively applied the change to its comparative information for the fiscal year ended March 31, 2022 and presented an opening balance sheet as at January 1, 2021 by removing the translation adjustments applied in prior year's consolidated financial statements and reverting to present amounts and balances in their Canadian dollar functional currency.

Effective May 15, 2022, the functional currency of the Company's subsidiaries ISON and ISON do Brasil changed from the US dollar to the Canadian dollar. The change in functional currency was triggered by the reverse acquisition by ISON (Note 3) and to the internal integration activities that followed the reverse acquisition and considering the significance of Canadian dollar transactions going forward. The functional currency of the parent Company continues to be the Canadian dollar. In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, the change in functional currency was applied prospectively from May 15, 2022 and all assets, liabilities and equity were translated to Canadian dollars, which is the new functional currency.

The consolidated statements of loss and other comprehensive loss and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized as exchange difference on translating foreign operations. Asset and liability amounts previously reported in USD have been translated into CAD as at January 1, 2021, and March 31, 2022, using the period-end exchange rates.

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

Shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

The change in presentation currency resulted in the following impact to the January 1, 2021, opening consolidated statement of financial position:

As at January 1, 2021	Previously reported and reclassified in USD	Presentation currency change	Reported in CAD
Current assets	11,613	3,179	14,792
Total assets	11,613	3,179	14,792
Liabilities and shareholders' equity			
Current liabilities	170,939	46,790	217,729
Shareholders' equity			
Share capital	515,761	202,655	718,416
Foreign currency translation reserve	-	(25,982)	(25,982)
Deficit	(675,087)	(220,284)	(895,371)
Total liabilities and shareholders' equity	11,613	3,179	14,792

The change in presentation currency resulted in the following impact to the March 31, 2022, opening consolidated statement of financial position:

As at March 31, 2022	Previously reported and reclassified in USD	Presentation currency change	Reported in CAD
Current assets	31,459	6,452	37,911
Non-current assets	760,198	285,246	1,045,444
Total assets	791,657	291,698	1,083,355
Liabilities and shareholders' equity			
Current liabilities	795,152	197,371	992,523
Shareholders' equity			
Share capital	1,290,761	379,627	1,670,388
Foreign currency translation reserve	-	64,743	64,743
Deficit	(1,294,256)	(350,043)	(1,644,299)
Total liabilities and shareholders' equity	791,657	291,698	1,083,355

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

The change in presentation currency resulted in the following impact to the 15 months ended March 31, 2022, opening consolidated statements of loss and other comprehensive loss:

	Previously reported and reclassified in USD	Presentation currency change	Reported in CAD
General and administrative expenses	309,742	50,649	360,391
Exploration and evaluation expenditures	306,941	78,473	385,414
	616,683	129,122	745,805
Other items			
Interest on loan payable	2,486	637	3,123
Net loss	619,169	129,759	748,928
Other comprehensive income			
Exchange difference on translating foreign operations	-	90,725	90,725
Net loss and other comprehensive loss	619,169	220,484	839,653

The change in presentation currency resulted in the following impact to the 15 months ended March 31, 2022 consolidated statements of changes in shareholders' equity:

	Previously reported and reclassified in USD	Presentation currency change	Reported in CAD
Balance at January 1, 2021	(159,326)	(43,611)	(202,937)
Private placement	775,000	176,972	951,972
Foreign currency translation reserve	-	90,725	90,725
Net loss	(619,169)	(129,759)	(748,928)
Balance at March 31, 2022	(3,495)	94,327	90,832

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

The change in presentation currency resulted in the following impact to the 15 months ended March 31, 2022 consolidated statements of changes in cash flows:

	Previously reported and reclassified in USD	Presentation currency change	Reported in CAD
Loss for the period	(619,169)	(129,759)	(748,928)
Cash flow used in operating activities	(271,371)	(44,894)	(316,265)
Cash flow provided by financing activities	1,028,890	237,072	1,265,962
Cash flow used in investing activities	(760,198)	(193,087)	(953,285)
Net change in cash	(2,679)	(909)	(3,588)
Cash at beginning of the period	10,252	2,806	13,058
Cash at the end of the period	7,573	1,897	9,470

Financial instruments

Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of an instrument. On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; fair value through other comprehensive income (“FVTOCI”); or fair value through profit or loss (“FVTPL”). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company’s financial assets consist of cash and accounts receivable classified at amortized cost.

The Company’s financial assets consist of cash and accounts receivable classified at amortized cost.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Impairment of financial assets

An expected credit loss (“ECL”) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective

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

interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

Financial liabilities

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Financial liabilities are designated as either: fair value through profit or loss; or amortized cost using the effective interest rate. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at VTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The Company's financial liabilities consist of accounts payable and accrued liabilities, loan payable and due to related party classified at amortized cost. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Derecognition of financial liabilities

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

Cash

Cash in the consolidated statements of financial position is comprised of cash at banks and on-hand.

Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant, and equipment (including initial and subsequent capital expenditure) are amortized to their estimated residual value over the estimated useful lives of the specific assets concerned. Amortization is provided using the straight-line basis evenly over the estimated useful lives of the property, plant and equipment. Property and equipment is comprised of office and computer equipment.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization methods, useful lives and residual values are reviewed each year end and adjusted if appropriate.

Exploration and evaluation assets and expenditures

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are recorded in the statement of loss and other comprehensive loss as incurred.

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

After an exploration and evaluation asset is determined by management to be commercially viable and technically feasible, exploration and evaluation expenditures on the property will first be assessed for impairment before being transferred to property under development. Thereafter, all costs will be capitalized to the property.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to the statement of loss and other comprehensive loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

Exploration and evaluation assets and mineral properties are not subject to depletion or amortization – they are assessed for impairment annually or when circumstances indicate that the carrying value may not be recoverable.

At disposal, gains or losses of an item within Exploration and Evaluation Assets, are calculated as the difference between the proceeds from disposal and the carrying amount. Those gains or losses are recognized net within other income in the statement of loss and other comprehensive loss.

Impairment of non-financial assets

The carrying amounts of Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

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

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 in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable regarding previous years. Deferred tax is provided 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: the initial recognition of assets or liabilities that effect neither accounting or taxable profit; nor 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 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. Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of 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 and asset retirement obligations

A provision is recognized if, as a result of a past event, Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, including asset retirement obligations, are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Share capital

Common shares are classified as equity. Incremental 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 Company has adopted a residual value method with respect to the measurement of shares and warrants issued as units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a financing to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as part of the share-based payment reserve. Transaction costs directly attributed to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Earnings (loss) per share

Basic earnings (loss) per share (“EPS”) is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders, and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss because the effects of potentially dilutive common shares would be anti-dilutive.

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

Critical accounting judgments and estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments made by management in preparing the financial statements are described below. The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

Critical accounting judgments require management to make assumptions that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the 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. The Canadian dollar was determined to be the functional currency for all entities within the corporate group on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

Mineral properties under exploration

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

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

Share-based payments

The determination of the fair value of stock options or warrants using the Black-Scholes option pricing model, requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

3. REVERSE ACQUISITION BY ISON

During September 2021, the Company entered into a definitive share purchase agreement ("**SPA**"), subsequently amended, with ISON for an arm's-length reverse takeover, wherein the Company acquired all of the outstanding shares of ISON from its shareholders in exchange for 29,655,750 post-consolidation common shares of the Company, after its two-for-one share consolidation. During November 2021, the Company entered into a loan agreement with ISON for US$150,000 (C$190,656) bearing interest at 5% per annum calculated and payable monthly in arrears until the completion of the RTO. The transaction closed on May 15, 2022 at which time the ISON loan was re-classified to inter company.

This transaction constituted a reverse asset acquisition by ISON of eShippers, who did not meet the definition of a business, before acquisition, under IFRS 3 Business Combinations ("**IFRS 3**"), and therefore the transaction was not a business combination as defined therein. The substance of the transaction was a reverse acquisition of a non-operating company. Although legally, eShippers is regarded as the parent or continuing entity, ISON, whose shareholders held approximately 67.4% of the voting shares of the Company immediately after the transaction, is treated as the acquirer for accounting purposes following the principles of IFRS 3. As a result, the transaction is accounted for as an asset acquisition with ISON being identified as the acquirer and the transaction being measured at the fair value of the equity consideration deemed issued to the eShippers' shareholders in accordance with IFRS 2 Share-based Payments ("**IFRS 2**").

Consequently, the transaction is accounted for as a continuation of the financial statements of ISON, together with a deemed issuance of shares equivalent to the shares held by the former shareholders of the Company, and a recapitalization of the equity of eShippers. These consolidated financial statements include the completion of the RTO recorded on May 15, 2022. ISON, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of the eShippers in a capital transaction. The consolidated statements of loss and comprehensive loss include the full results of ISON for the year ended March 31, 2023, and for eShippers from the date of acquisition, May 15, 2022, to March 31, 2023. As the acquirer for accounting purposes, ISON's net assets are included in the consolidated statements of financial position at their carrying amounts.

IFRS 2 applies to transactions where any entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, the amount assigned to the listing expense in profit or loss is $1,837,480, being the difference between the aggregate estimated fair value of deemed issuance shares equivalent to the shares held by the former shareholders of eShippers, less the fair value of the net assets acquired of eShippers. The estimated fair value of the deemed issuance shares equivalent to the shares held by the former shareholders of the eShippers was based on the concurrent financing.

(Expressed in Canadian Dollars)

3. REVERSE ACQUISITION BY ISON (*Continued*)

The purchase price allocation is as follow:

	Amounts
Consideration paid:	
Common shares retained by acquiree shareholders	$2,091,371
Total consideration paid	**2,091,371**
Net assets acquired:	
Cash	106,780
Accounts receivable	2,655
Loan receivable (Note 3)	190,656
Accounts payable and accrued liabilities	(46,200)
Total net assets acquired	253,891
Listing expense	1,837,480
Total assets acquired	**$2,091,371**

The Company completed a concurrent non-brokered private placement of 7,288,127 units at a price of $0.35 per unit for gross cash proceeds of $2,550,844 (Note 7). Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. A value of $383,257 was assigned to the warrants using the Black-Scholes model calculation (Note 7). In addition, $23,550 of share issue costs were assigned to warrants for a net warrant value of $359,707 (Note 7). Total share issue costs of $182,567 were incurred.

4. PROPERTY AND EQUIPMENT

	Asset	**Depreciation**	**Net Book Value**
Computer & software			
Opening balance January 1, 2021	$ -	$ -	$ -
Additions	1,314	(91)	1,223
Exchange difference	*(43)*	*3*	*(40)*
Balance at March 31, 2022	*1,271*	*(88)*	*1,183*
Additions	459	(321)	138
Balance at March 31, 2023	***1,730***	***(409)***	***1,321***
Furniture			
Opening balance January 1, 2021	-	-	-
Balance at March 31, 2022	-	-	-
Additions	7,552	(453)	7,099
Balance at March 31, 2023	***7,552***	***(453)***	***7,099***
Machinery			
Opening balance January 1, 2021	-	-	-
Balance at March 31, 2022	-	-	-
Additions	6,246	(432)	5,814
Balance at March 31, 2023	**6,246**	**(432)**	**5,814**
Total property and equipment at March 31, 2022	$1,271	$(88)	$1,183
Total property and equipment at March 31, 2023	**$15,528**	**$(1,294)**	**$14,234**

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

	March 31, 2022	**Translation difference**	**Additions**	**Impairment**	**March 31, 2023**
Brazil					
Buracão Gold	$ 138,918	$ (4,533)	$ 902,923	$ (1,037,308)	**$ -**
Novo Mundo	733,687	(23,937)	252,107	-	**961,857**
Pernambuco	26,386	(861)	-	(25,525)	**-**
Santa Angela	145,270	(4,740)	-	-	**140,530**
Total	**$ 1,044,261**	**$ (34,071)**	**$ 1,155,030**	**$ (1,062,833)**	**$ 1,102,387**

	January 1, 2021	Translation difference	Additions	Impairment	March 31, 2022
Brazil					
Buracão Gold	$ -	$ 8,914	$ 130,004	$ -	$ 138,918
Novo Mundo	-	59,632	674,055	-	733,687
Pernambuco	-	3,644	22,742	-	26,386
Santa Angela	-	20,060	125,210	-	145,270
Total	$ -	$ 92,250	$ 952,011	$ -	$ 1,044,261

Buracão Gold project

During February 2021, the Company entered into an option agreement with a private owner to acquire 100% interest in mineral rights on the Buracão Gold project, located on the border between the States of Tocantins and Goias, Brazil.

On February 25, 2023, the Company notified the seller that is was discontinuing its investments in the Buracão project. The Company has decided to reprioritize its allocation of resources from the Buracão project to the Novo Mundo gold project. Per the option agreement, the Company had the right to withdraw without further payment obligations if it gave 30 days notice before the second anniversary of signing the option agreement. The Company did not provide the required 30 days notice, and as a result the Company has incurred a penalty of BRL 2,000,000, per the option agreement, which will be due in 3 installments:

- July 25, 2023 – BRL 500,000 (C$133,450)
- September 19, 2023 – BRL 500,000 (C$133,450)
- November 19, 2023 – BRL 1,000,000 (C$266,900)

As a result of the withdrawal from the option agreement, the $503,508 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss. In addition, the $533,800 penalty was recognized as an impairment cost under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for a total cost of $1,037,308.

Novo Mondo project

On May 11, 2021, the Company entered into an agreement with NEXA Recursos Minerais S.A. ("**NEXA**") for the rights to conduct exploration work for up to three years (the "**Exploration Period**") on the Novo Mundo project located in the State of Mato Grosso, Brazil. The Company is now the rightful owner and titleholder of the Novo Mundo Project subject to the terms of the purchase agreement.

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (*Continued*)

The Company has the rights to conduct exploration works at its sole discretion. If within the remaining exploration period for each Mineral Right an identified resource target is predominately precious metals, the Company shall have the first right to develop and solely fund the project and NEXA will retain a 1.5% NSR.

If within the remaining exploration period for each Mineral Right an identified resource target is predominately base metals:

- NEXA shall have the first right to develop and solely fund the project and the Company will retain a 1.5% NSR; and
- if NEXA does not wish to proceed, the Company may elect to develop the project and NEXA will retain a 1.5% NSR.
- if it is determined that the Project is predominantly a precious metals Project, any base metals should be considered as byproducts of gold, silver and/or indium deposits in the Mineral Rights shall not be considered as base metals, and shall be part of the precious metals project.

Either party has the option to buy back the NSR from the counterparty for:

- US$2,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) before May 11, 2023; and
- US$5,000,000 for the full 1.5% NSR (can be adjusted proportionately for partial buyback) between May 11, 2021 to May 11, 2026.

On January 19, 2023, the Company submitted two partial exploration reports (”PER”) to the Brazilian National Mining Agency (“ANM”). At the approval of the first PER a payment of BRL 2,500,000 will be due to Coogavepe, the original project owner previous to NEXA.

Pernambuco project

During December 2021, the Company acquired certain mineral exploration rights from the Brazilian department of mines Agência Nacional de Mineração (“**ANM**”) to conduct exploration work on the Pernambuco project in the State of Pernambuco, Brazil. Total consideration paid was R100,099 (C$25,525). The Company has decided to discontinue its exploration activities with the Pernambuco project. As a result, the $25,525 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss.

Santa Angela project

In December 2021, the Company acquired certain mineral exploration rights from the ANM to conduct mineral exploration work on the Santa Angela project in the State of Mato Grosso, Brazil. Total consideration paid for the exploration rights was R 551,099 (C$140,530).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (*Continued*)

Exploration and evaluation expenditures

	March 31, 2023	March 31, 2022
Novo Mondo		
Drilling	**$ 437,321**	$ -
Consulting - Geologists	**184,718**	260,767
Administrative costs	**-**	124,647
Pernambuco		
Impairment – Pernambuco Project	**25,525**	-
Buracão		
Impairment – Buracão Project	**1,037,308**	-
Total exploration and evaluation expenditures	**$ 1,684,872**	$ 385,414

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	March 31, 2022	January 1, 2021
Trade and other payables	**$ 246,200**	$ 472,220	$ 36,758
Accrued liabilities	**613,357**	22,233	-
	$ 859,557	$ 494,453	$ 36,758

7. SHARE CAPITAL

Authorized

As at March 31, 2023, the authorized share capital of the Company was an unlimited number of common shares without par value.

Issued

On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of $0.35 per unit for gross proceeds of $2,550,844 concurrent to the RTO. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. A value of $383,257 was assigned to the warrants using the Black-Scholes model calculation. In addition $23,550 of share issue costs were assigned to warrants for a net warrant value of $359,707. Total share issue costs of $182,567 were incurred.

Under the terms of the RTO, the Company issued the following shares:

a) The pre-RTO shareholders were deemed to have been issued 7,031,079 common shares with a fair market value of $2,091,371.
b) The Company issued 29,655,750 common shares as consideration to the ISON shareholders with a value of $1,670,388. Of the 29,655,750 common shares issued, 24,530,750 were subject to escrow and will be released on a timed-release basis.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (*Continued*)

The terms of the escrow agreements bind the common shares held in escrow to be released on a time-released basis:

	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
Release Dates		
May 13, 2022	10%	2,453,076
November 13, 2022	20%	4,906,150
May 13, 2023	30%	7,359,225
November 13, 2023	40%	9,812,300
Total	100%	24,530,750

	Number[2]	Value
Balance at December 31, 2020	*21,905,750*	718,416
Private placement	*7,750,000*	951,972
Balance at March 31, 2022	*29,655,750*	1,670,388
Shares cancelled in share exchange with shareholders in RTO	*(29,655,750)*	(1,670,388)
Shares issued in share exchange with shareholders in RTO[1]	*29,655,750*	1,670,388
Shares deemed to be issued in RTO	*7,031,079*	2,091,371
Shares issued from concurrent private placement	*7,288,127*	2,550,844
Warrants		(359,707)
Share issue costs	-	(182,567)
Balance at March 31, 2023	***43,974,956***	**$5,770,329**

[1] *Of the 29,655,750 common shares exchanged, there were 24,530,750 common shares subject to escrow.*
[2] *An Officer and Director of the Company owned 42% of the outstanding common shares as of March 31, 2023.*

Reserve for warrants

On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of $0.35 per unit for gross proceeds of $2,550,844 concurrent to the RTO. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at $0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. The fair value of the warrants was recognized upon issuance, to reserve for warrants, where they will remain until expiration or exercise. A fair value of $359,707 was assigned to the warrants, using the Black-Scholes option pricing model, and the following assumptions: expected dividend yield of 0%; risk-free interest rate of 2.6%; volatility of 89%, and an expected life of 24 months.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the directors. The aggregate value of transactions relating to key management personnel are as follows:

For the year ended March 31, 2023	
Officers	**$219,976**
Directors	**53,754**
Total compensation	**$273,730**

For the 15 months ended March 31, 2022	
Officers	$288,312
Directors	68,505
Total compensation	$356,817

As at March 31, 2023, a loan valued at $261,099 (March 31, 2022 - $307,414) was due to an Officer of the Company. During the year ended March 31, 2023, $77,030 was repaid. The loan amounts are unsecured, non-interest bearing and are repayable on demand.

As at March 31, 2023, $19,325 was due to Officers and Directors for fees and reimbursable expenses which are included in accounts payable and accrued liabilities (March 31, 2022 $101,096).

9. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company classified its financial instruments as follows:

	March 31, 2023	March 31 2022	January 1, 2021
Financial assets - amortized cost:			
Cash	**$ 6,759**	$ 9,470	$ 13,058
Accounts receivable	**45,717**	28,441	1,734
Financial liabilities - amortized cost:			
Accounts payable and accruals	**859,557**	494,453	36,758
Loan payable	**-**	190,656	-
Due to related party	**261,099**	307,414	180,971

Fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in

9. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (*Continued*)

measuring fair value. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party approximate their fair value because of the short-term nature of these instruments.

Capital risk management

Capital is comprised of the Company's components of shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not subject to any capital restrictions and did not change its approach to capital management during the most recent period.

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, and accounts receivable. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company relies on the issuance of shares and warrants and loans from an officer of the Company in order to fund exploration programs.

Currency risk

The Company and its subsidiaries have identified its functional currency as the Canadian dollar. Certain administrative and exploration expenditures have been paid in the United States dollars and the Brazilian Real. The Company's exposure to foreign currency risk arises primarily on fluctuations in value between the Canadian dollar and those currencies. The Company does not have any derivative instruments in place to manage fluctuations in foreign exchange values. Management believes the foreign exchange risk related to currency conversion is minimal.

Interest rate risk

As the Company's interest-bearing assets and liabilities are not subject to significant interest rates, the Company's income and operating cash flows are not significantly affected by changes in the market interest rates.

10. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: the acquisition and exploration of mineral properties in Brazil.

(Expressed in Canadian Dollars)

11. INCOME TAXES

The provision for income tax differs from that which would be obtained by applying the statutory rates to income before tax. The components of the tax expense were as follows:

	Year ended March 31, 2023	2022
Loss for the year	**$(4,465,484)**	$(748,928)
Expected income tax expense (recovery)	**(1,205,681)**	(202,211)
Statutory tax rate	**27%**	27%
Effect of change in statutory and foreign tax rates and other	**192,064**	74,893
Permanent differences	**-**	-
Share issue costs	**(35,889)**	-
Listing expenses	**494,573**	-
Change in unrecognized deductible temporary differences and other	**554,933**	127,318
Total income tax expense (recovery)	$ -	$ -

Significant components of the Company's unrecognized temporary differences that have not been included in the statements of financial position are as follows:

Period ended,	**March 31, 2023**	**Expiry date range**	March 31, 2022	Expiry date range
Non-capital losses	**$7,470,386**	**2027-2043**	$4,982,880	2027-2042
Exploration and evaluation assets	**973,720**	**No expiry date**	1,176,859	No expiry date
Allowable capital losses	**1,345,085**	**No expiry date**	1,345,085	No expiry date
Share issuance costs	**106,337**	**2027-2043**	-	
	$9,895,528		$7,504,739	

12. SUBSEQUENT EVENTS

a) On May 10, 2023, the Company closed a private placement in which 2,753,333 common shares were issued at a price of $0.15 per common share for cash consideration of $413,000. The Company paid $4,130 in finders' fees.

b) On June 14, 2023, the company announced that it had issued 4,560,000 common share purchase options to directors and officers at a price of $0.175 with a 5-year expiry period, pursuant to the Company's stock option plan.

c) On July 11, 2023, the Company closed a private placement in which 13,333,333 common shares were issued at a price of $0.15 per common share for cash consideration of $2,000,000. Finders' fees consist of the issuance of 800,000 common shares issued at a price of $0.15 per common share. In addition, the Company issued 600,616 warrants to purchase common shares at an exercise price of $0.20 per common share and an expiry date of July 11, 2026.