

ÅRSREDOVISNING

för

Comercial Metales Blancos AB

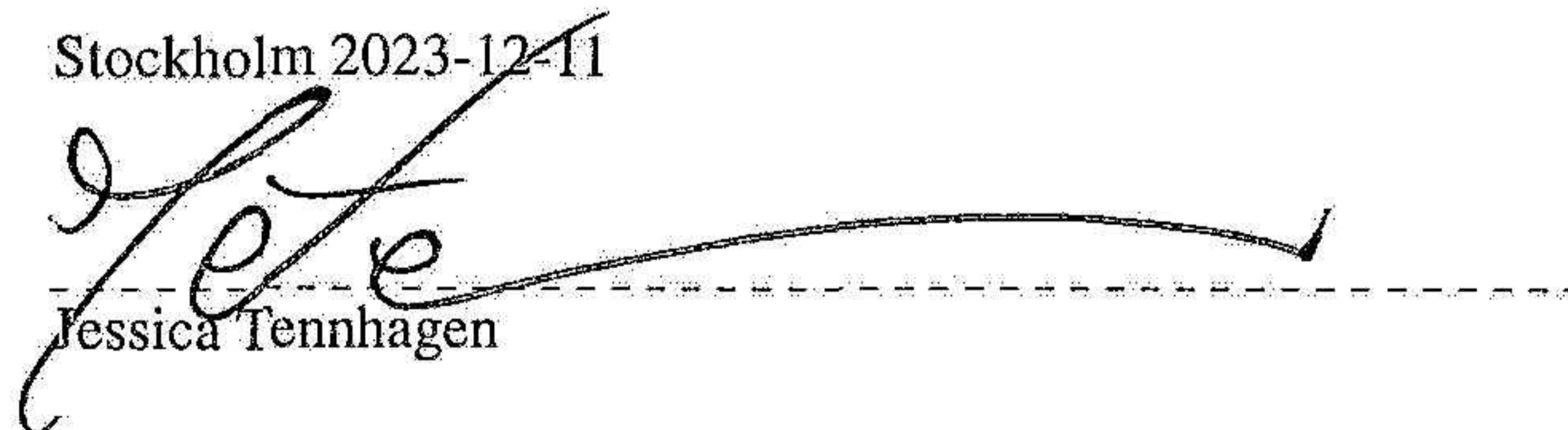
Org.nr. 556702-1075

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2023-04-01 - 2023-09-30

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Undertecknad styrelseledamot i Comercial Metales Blancos AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 11 december 2023. Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Stockholm 2023-12-11


Jessica Tennhagen

2024010202872

ÅRSREDOVISNING

för

Comercial Metales Blancos AB

Org.nr. 556702-1075

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Comercial Metales Blancos AB

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FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, TSEK.

Verksamheten**Verksamhetens art och inriktning**

Bolagets verksamhet består av att förvalta aktier i bolag inom gruv- och mineralindustrin som marknadsför och säljer produkter till smältverk. Bolagets säte är i Stockholm.

Bolaget är ägare till 99,99% av aktierna i det bolivianska bolaget Minera San Cristóbal S.A. som är verksam inom gruv- och mineralindustrin. Verksamheten i Minera San Cristóbal S.A. består av utforskning och framställande av silver-, zink- och blygruvfyndigheter belägen i San Cristóbal, Bolivia. Bolaget utviner, framställer och säljer även koncentrat.

Bolaget är även ägare till samtliga aktier i det schweiziska bolaget SanCris Minerals GmbH, vars verksamhet har bestått av marknadsföring och försäljning av koncentrat till smältverk fram till februari 2023. Bolaget är sedan en tid tillbaka vilande.

Vidare äger bolaget 99,68 % i det vilande bolivianska bolaget SC Minerals Bolivia S.R.L.

Säte

Företagets säte är Stockholm

Uppgift om ägare som har mer än tio procent av antalet andelar eller röster i företaget

Bolaget är helägt dotterbolag till San Cristóbal Mining Holdings Inc. med säte i Vancouver, Kanada.

Väsentliga händelser under räkenskapsåret

Bolagets samtliga aktier har per den 12 maj 2023 överlåtits till San Cristóbal Mining Holdings Inc. som är dotterbolag till San Cristóbal Mining Inc.

Bolaget förvärvade den 12 maj 2023 99,68 % av aktierna i det bolivianska bolaget SC Minerals Bolivia S.R.L.

Den 12 maj 2023 har bolaget pantsatt samtliga aktier i dotterbolaget Minera San Cristóbal S.A. samt även ingått ett borgensåtagande för ett belopp om 650 478 000 kronor (60 000 000 USD) till förmån för San Cristóbal Mining Inc.

Den 12 maj 2023 beslutades på en bolagsstämma i dotterbolaget Minera San Cristóbal S.A. att till bolaget dela ut ett belopp motsvarande 740 310 329 kr (efter avdrag för innehållen boliviansk källskatt). Utdelningen betalades ut den 5 juli.

Den 5 juli 2023 beslutades på en bolagsstämma att dela ut 777 130 703 kronor (71 676 477 USD) till San Cristóbal Mining Holdings Inc. Utdelningen betalades ut samma dag.

Under året har beslutats att koncernanpassa bolagets räkenskapsår till att omfatta perioden 1 oktober till 30 september. Denna årsredovisning omfattar därför det förkortade räkenskapsåret 1 april - 30 september 2023.

Väsentliga händelser efter räkenskapsårets slut

Den 17 november 2023 beslutades att försätta dotterbolaget SanCris Minerals GmbH i s.k. frivillig likvidation.

Flerårsöversikt*

	2023 (6 mån.)	2022/2023	2021/2022	2020/2021	2019/2020
Nettoomsättning	0	0	0	0	0
Res. efter finansiella poster	771 060	255 846	500 986	1 374 076	686 838
Balansomslutning	2 124 215	2 129 764	2 134 260	2 600 591	4 291 502
Soliditet (%)	99,95	100	100	100	100
Avkastning på eget kapital (%)	36,26	12	21	40	16

*Definitioner av nyckeltal, se noter

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Förändringar i eget kapital

	Aktiekapital	Fri överkursfond	Balanserat resultat	Årets resultat	Summa eget kapital
Belopp vid årets ingång	100	405 471	1 467 851	255 846	2 129 268
Utdelning			-777 131	0	-777 131
Balanseras i ny räkning		0	255 846	-255 846	0
Årets resultat				771 060	771 060
Belopp vid årets utgång	100	405 471	946 566	771 060	2 123 197

2024010202874

Resultatdisposition (kronor)

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	946 566 312
fri överkursfond	405 471 026
årets vinst	771 059 926
	<u>2 123 097 264</u>
Styrelsen föreslår att	
i ny räkning överföres	2 123 097 264
	<u>2 123 097 264</u>

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

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RESULTATRÄKNING

	Not	2023-04-01 2023-09-30	2022-04-01 2023-03-31
Rörelsens intäkter m.m.			
Rörelsens kostnader			
Övriga externa kostnader	2, 3	-1 102	-4 543
Personalkostnader	4	<u>0</u>	<u>0</u>
		-1 102	-4 543
Rörelseresultat		-1 102	-4 543
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	5	740 310	263 314
Övriga ränteintäkter och liknande resultatposter	6	31 861	1 753
Räntekostnader och liknande resultatposter	7	<u>-9</u>	<u>-4 678</u>
		772 162	260 389
Resultat efter finansiella poster		771 060	255 846
Resultat före skatt		771 060	255 846
Skatt på årets resultat	8	0	0
Årets resultat		<u>771 060</u>	<u>255 846</u>

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BALANSRÄKNING**TILLGÅNGAR**

Not

2023-09-30

2023-03-31

Anläggningstillgångar**Finansiella anläggningstillgångar**

Andelar i koncernföretag

9

2 119 941

2 119 894

2 119 941

2 119 894

Summa anläggningstillgångar

2 119 941

2 119 894

Omsättningstillgångar**Kassa och bank**

Kassa och bank

4 274

9 870

Summa kassa och bank

4 274

9 870

Summa omsättningstillgångar

4 274

9 870

SUMMA TILLGÅNGAR**2 124 215****2 129 764****EGET KAPITAL OCH SKULDER****Eget kapital****Bundet eget kapital**

Aktiekapital

10

100

100

100

100

Fritt eget kapital

Fri överkursfond

405 471

405 471

Balanserat resultat

946 566

1 467 851

Årets resultat

771 060

255 846

2 123 097

2 129 168

Summa eget kapital

2 123 197

2 129 268

Kortfristiga skulder

Leverantörsskulder

355

96

Skulder till koncernföretag

73

0

Upplupna kostnader och förutbetalda intäkter

11

590

400

Summa kortfristiga skulder

1 018

496

SUMMA EGET KAPITAL OCH SKULDER**2 124 215****2 129 764**

2024010202876

Comercial Metales Blancos AB

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NOTER**Not 1 Redovisnings- och värderingsprinciper**

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Principerna är oförändrade jämfört med föregående år.

Fordringar

Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder

Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Finansiella instrument

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Inkomstskatt

Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.

Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatt beräknas på temporära skillnader. En temporär skillnad finns när det redovisade värdet på en tillgång eller skuld skiljer sig från det skattemässiga värdet. Temporära skillnader beaktas ej i skillnader hänförliga till investeringar i dotterföretag, filialer, intresseföretag eller joint venture om företaget kan styra tidpunkten för återföring av de temporära skillnaderna och det inte är uppenbart att den temporära skillnaden kommer att återföras inom en överskådlig framtid. Skillnader som härrör från den första redovisningen av goodwill eller vid den första redovisningen av en tillgång eller skuld såvida inte den hänförliga transaktionen är ett rörelseförvärv eller påverkar skatt eller redovisat resultat utgör inte heller temporära skillnader.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

Fordringar och skulder i utländsk valuta

Monetära fordringar och skulder i utländsk valuta har räknats om till balansdagens kurs.

Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer, antingen som en rörelsepost eller som en finansiell post utifrån den underliggande affärshändelsen.

Not 2	Inköp och försäljning inom koncernen	2023	2022/2023
	Andel av inköpen som avser koncernföretag	0,00%	60,20%
Not 3	Ersättning till revisorer	2023	2022/2023
	<i>KPMG</i>		
	Revisionsuppdrag	197	168
		<hr/>	<hr/>
		197	168

Med revisionsuppdrag avses revisors arbete för den lagstadgade revisionen och med revisionsverksamhet olika typer av kvalitetssäkringstjänster. Övriga tjänster är sådant som inte ingår i revisionsuppdrag, revisionsverksamhet eller skatterådgivning.

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NOTER**Not 4 Personal**

Bolaget har inte haft några anställda. Inga löner eller andra ersättningar har utbetalats.

Not 5 Resultat från andelar i koncernföretag	2023	2022/2023
Utdelning	740 310	263 314
	<u>740 310</u>	<u>263 314</u>

Not 6 Övriga ränteintäkter och liknande resultatposter	2023	2022/2023
Valutakursdifferenser	31 861	1 753
	<u>31 861</u>	<u>1 753</u>

Not 7 Räntekostnader och liknande resultatposter	2023	2022/2023
Valutakursdifferenser	9	4 640
Övriga finansiella kostnader	0	38
	<u>9</u>	<u>4 678</u>

Not 8 Skatt på årets resultat	2023	2022/2023
<i>Avstämning av effektiv skatt</i>		
Resultat före skatt	771 060	255 846
Skattekostnad 20,60% (20,60%)	-158 838	-52 704
Skatteeffekt av:		
Ej avdragsgilla kostnader	-16	-77
Ej skattepliktiga intäkter	152 504	54 243
Underskottsavdrag som nyttjas i år	6 350	0
I år uppkomna underskottsavdrag	0	-1 462
Summa	<u>0</u>	<u>0</u>

Bolaget har skattemässiga underskott om 743 002 ksek (775 637 ksek). Ingen uppskjuten skattefordran beräknas då bolaget inte bedömer det som sannolikt att underskotten kan avräknas mot framtida skattemässiga överskott.

Not 9 Andelar i koncernföretag

Företag Säte	Antal Kap.andel %	Eget kapital	Redovisat värde
Minera San Cristóbal S.A. La Paz, Bolivia	38 773 232 99,99%	4 727 311	2 119 853
SanCris Minerals GmbH Zug, Schweiz	2 100,00%	14 848	41
SC Minerals Bolivia S.R.L. La Paz, Bolivia	315 99,68%	131	47
			<u>2 119 941</u>

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Comercial Metales Blancos AB

Org.nr. 556702-1075

NOTER

2024010202879

	2023-09-30	2023-03-31
Ingående anskaffningsvärde	2 207 787	2 207 787
Inköp	47	0
Utgående ackumulerade anskaffningsvärden	<u>2 207 834</u>	<u>2 207 787</u>
Ingående nedskrivningar	-87 893	-87 893
Utgående ackumulerade nedskrivningar	<u>-87 893</u>	<u>-87 893</u>
Utgående redovisat värde	<u>2 119 941</u>	<u>2 119 894</u>
Not 10 Upplysningar om aktiekapital	Antal aktier	Kvotvärde per aktie
Antal/värde vid årets ingång	7 001	14,28
Antal/värde vid årets utgång	7 001	14,28
Not 11 Upplupna kostnader och förutbetalda intäkter	2023-09-30	2023-03-31
Övriga upplupna kostnader	<u>590</u>	<u>400</u>
	590	400
Not 12 Disposition av vinst eller förlust		
Förslag till disposition av bolagets vinst		
Till årsstämman förfogande står		
balanserad vinst	946 566	
fri överkursfond	405 471	
årets vinst	<u>771 060</u>	
	2 123 097	
Styrelsen föreslår att		
i ny räkning överföres	<u>2 123 097</u>	
	2 123 097	
Not 13 Eventualförpliktelser	2023-09-30	2023-03-31
Borgensåtagande	<u>650 478</u>	<u>0</u>
	650 478	0
Not 14 Väsentliga händelser efter räkenskapsårets slut		
Den 17 november 2023 beslutades att försätta dotterbolaget SanCris Minerals GmbH i s.k. frivillig likvidation.		
Not 15 Koncernförhållanden		
Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning. Övergripande koncernredovisning upprättas av San Cristóbal Mining Inc. med säte i Vancouver, Kanada.		

Comercial Metales Blancos AB

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NOTER

Not 16 Definition av nyckeltal

Soliditet


Justerat eget kapital i procent av balansomslutning

Avkastning på eget kapital

Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital

2024010202880


Stockholm 2023-12-08

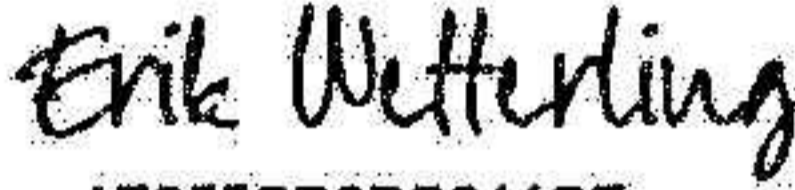
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Quintor Hennig
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Ordförande

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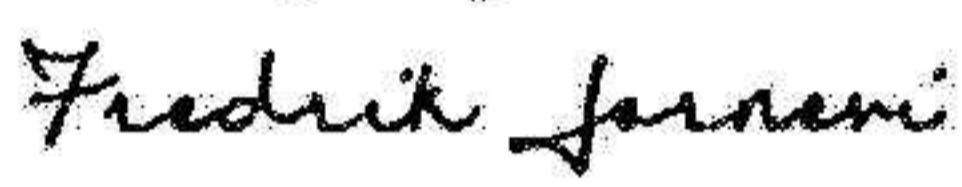
Jessica Tennhagen
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Ronan Sabo-Walsh
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DocuSigned by:

Erik Wetterling
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Vår revisionsberättelse har lämnats den 2023-12-08

KPMG AB

DocuSigned by:

Fredrik Jarnevi
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Auktoriserad revisor



2024010202881

Revisionsberättelse

Till bolagsstämman i Comercial Metales Blancos AB, org. nr 556702-1075

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Comercial Metales Blancos AB för räkenskapsåret 2023-04-01—2023-09-30.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Comercial Metales Blancos ABs finansiella ställning per den 30 september 2023 och av dess finansiella resultat för räkenskapsåret enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Comercial Metales Blancos AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

— identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

— skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.



Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Comercial Metales Blancos AB för räkenskapsåret 2023-04-01—2023-09-30 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Comercial Metales Blancos AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

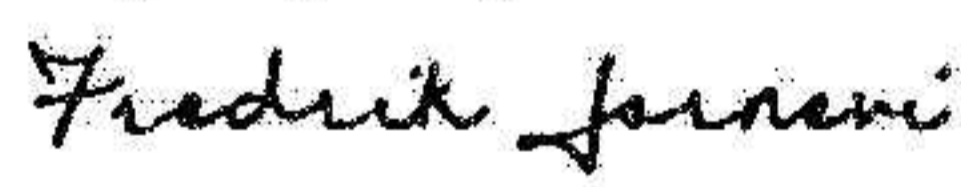
Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda

ersättningskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg 2023-12-08

KPMG AB

DocuSigned by:

 Fredrik Järnevi

Auktoriserad revisor

Certificate Of Completion

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Source Envelope:

Document Pages: 11

Signatures: 6

Envelope Originator:

Certificate Pages: 6

Initials: 0

Fredrik Jarnevi

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PO Box 50768

Envelopeld Stamping: Enabled

Malmö, SE -202 71

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IP Address: 31.208.30.115

Record Tracking

Status: Original

Holder: Fredrik Jarnevi

Location: DocuSign

12/8/2023 2:48:21 PM

fredrik.jarnevi@kpmg.se

Signer Events

Erik Wetterling

erik.wetterling@gmail.com

Security Level: Email, Account Authentication (None)

Signature

DocuSigned by: Erik Wetterling 1E855CD9BC844CE...

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Workflow Name: DocuSign ID Verification

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Identification Method: Electronic ID

Type of Electronic ID: BankID Sweden

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Country or Region of ID: SE

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Accepted: 12/8/2023 5:12:00 PM

ID: 1bca6e1b-f10b-414f-882d-5cbade678ecd

Jessica Tennhagen

jessica.tennhagen@intertrustgroup.com

Director

Security Level: Email, Account Authentication (None)

DocuSigned by: Jessica Tennhagen FD7CD246C122493...

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Workflow Name: DocuSign ID Verification

Workflow Description: The signer will need to identify themselves with a valid government ID.

Identification Method: Electronic ID

Type of Electronic ID: BankID Sweden

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Country or Region of ID: SE

Result: Passed

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Signer Events

Signature

Timestamp

Identity Verification Details:

Workflow ID: facedebc-e28d-4182-adbf-789fbd673b01
Workflow Name: DocuSign ID Verification
Workflow Description: The signer will need to identify themselves with a valid government ID.
Identification Method: Electronic ID
Type of Electronic ID: BankID Sweden
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Country or Region of ID: SE
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Electronic Record and Signature Disclosure:

Accepted: 9/18/2023 9:33:54 PM
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Ronan Sabo-Walsh
rsabowalsh@sancristobalmining.com
Chief Financial Officer
Security Level: Email, Account Authentication (None)

DocuSigned by:
Ronan Sabo-Walsh
EA949D644A304C2

Signature Adoption: Pre-selected Style
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Authentication Details

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Workflow Name: DocuSign ID Verification
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Identification Method: Electronic ID
Type of Electronic ID: Digital ID
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Accepted: 12/8/2023 3:21:40 PM
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Quinton Hennigh
qhennigh@sancristobalmining.com
Security Level: Email, Account Authentication (None)

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Quinton Hennigh
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Signature Adoption: Drawn on Device
Using IP Address: 174.194.137.143
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Authentication Details

Identity Verification Details:

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Workflow Name: DocuSign ID Verification
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Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
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Electronic Record and Signature Disclosure:

Accepted: 12/8/2023 7:00:57 PM
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Fredrik Jarnevi
fredrik.jarnevi@kpmg.se
KPMG AB
Security Level: Email, Account Authentication (None)

DocuSigned by:
Fredrik Jarnevi
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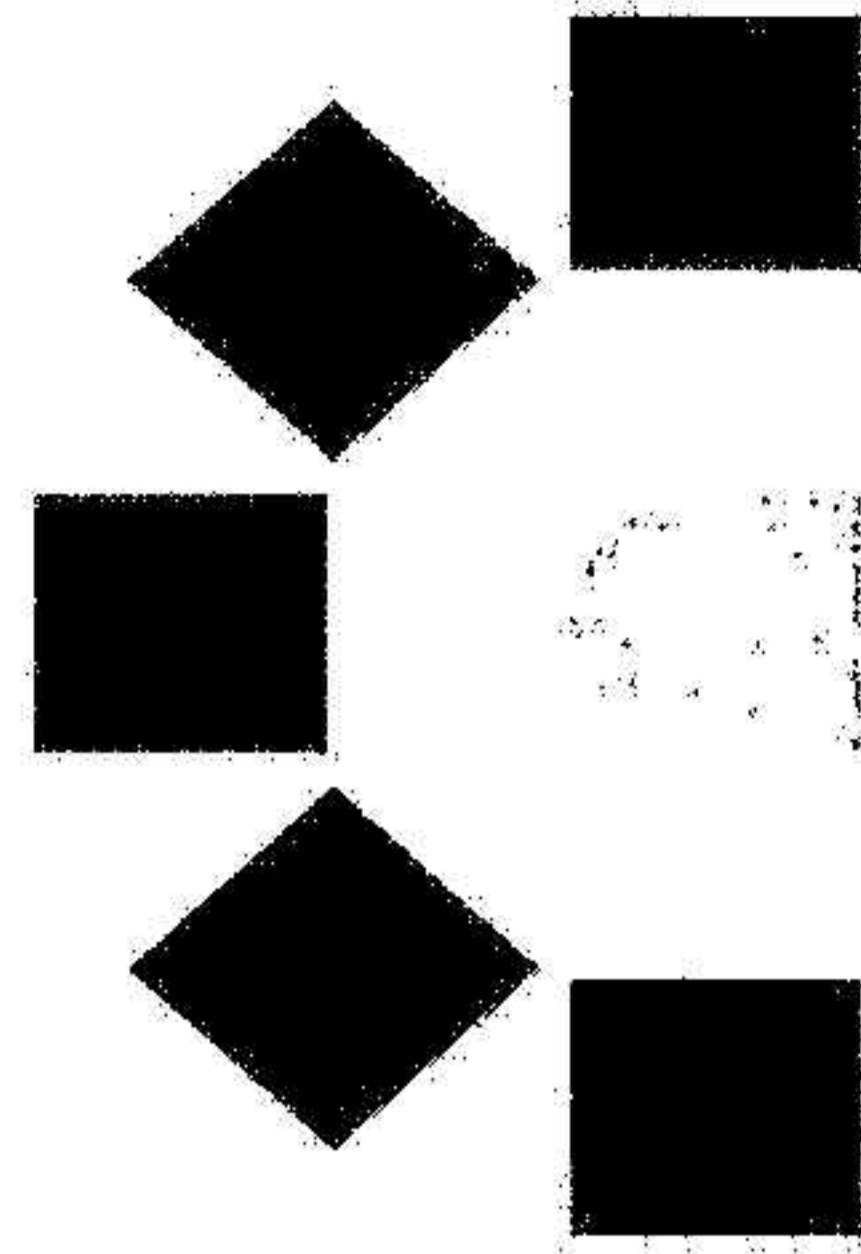
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Authentication Details

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San Cristobal Mining Inc.

CONSOLIDATED FINANCIAL STATEMENTS (AUDITED)

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023 AND FOR THE PERIOD FROM
JANUARY 14, 2022 (DATE OF INCORPORATION) TO
SEPTEMBER 30, 2022**

(Expressed in US dollars)

Independent auditor's report

2024011901718

To the Shareholders of
San Cristobal Mining Inc.

Opinion

We have audited the consolidated financial statements of **San Cristobal Mining Inc.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the year ended September 30, 2023 and for the period from incorporation, January 14, 2022, to September 30, 2022, 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 consolidated financial position of the Group as at September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended September 30, 2023 and for the period from incorporation, January 14, 2022 to September 30, 2022 in accordance with International Financial Reporting Standards ["IFRS"].

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.



A member firm of Ernst & Young Global Limited

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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Toronto, Canada
January 12, 2024

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



San Cristobal Mining Inc.
(Expressed in thousands of US dollars)
Consolidated Statements of Financial Position
As at September 30, 2023 and 2022

2024011901720

	Notes	September 30, 2023	September 30, 2022
Assets			
Current Assets			
Cash and cash equivalents	5	147,620	2,249
Accounts receivable	6	91,754	-
Inventories	7	121,742	-
Prepayments and advances	8	6,514	-
Income taxes receivable		2,509	-
		<u>370,139</u>	<u>2,249</u>
Non-current Assets			
Accounts receivable	6	14,956	-
Inventories	7	91,977	-
Mineral properties, plant and equipment	9	246,108	-
Other assets	11	10,669	-
Deferred tax assets	22	30,153	-
		<u>393,863</u>	<u>-</u>
Total Assets		764,002	2,249
Liabilities			
Current Liabilities			
Deferred consideration	4	27,880	-
Accounts payable and accrued liabilities	10	31,481	1,899
Deferred revenue – inventory advances	11	34,069	-
Other liabilities	12	9,226	-
Debt	13	64,264	-
Historical surtax payable	14	13,717	-
Subscription receipt liability		-	1,085
		<u>180,637</u>	<u>2,984</u>
Non-current Liabilities			
Deferred consideration	4	50,780	-
Other non-current liabilities	12	44,420	-
Non-current debt	13	59,959	-
Non-current historical surtax payable	14	44,600	-
Decommissioning provision	15	206,768	-
Deferred tax liabilities	22	4,822	-
		<u>411,349</u>	<u>-</u>
Total Liabilities		591,986	2,984
Equity (Deficiency)			
Share capital	16	47,285	1,596
Shares to be issued	16	-	81
Reserves	16	8,606	-
Accumulated other comprehensive income ("AOCI")		1,764	-
Retained earnings (deficit)		114,361	(2,412)
Total equity (deficiency)		172,016	(735)
Total Liabilities and Equity		764,002	2,249

San Cristobal Mining Inc.

(Expressed in thousands of US dollars, except share and per share amounts)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

	Notes	September 30, 2023	September 30, 2022
Revenue	17	439,144	-
Production costs	7	(366,455)	-
Depreciation	9	(22,948)	-
Royalties		(28,561)	-
Cost of sales		(417,964)	-
Gross income		21,180	-
General and administrative expenses		(8,198)	(2,488)
Exploration and project development expenses		(1,070)	-
Foreign exchange gains		7,466	76
Other expenses		(2,384)	-
Operating income (loss)		16,994	(2,412)
Finance income		3,631	-
Finance costs and accretion expense	18	(31,065)	-
Transaction costs		(6,688)	-
Gain on Transaction	4	168,095	-
Other non operating-expenses		(22)	-
Income (loss) before income taxes		150,945	(2,412)
Tax expense	22	(19,998)	-
Withholding tax expense	22	(14,174)	-
Net income (loss)		116,773	(2,412)
Remeasurement gains of post-employment benefit obligations		2,485	-
Foreign currency translation gains		211	-
Income tax expense relating to other comprehensive income		(932)	-
Comprehensive income (loss)		118,537	(2,412)
Weighted average number of common shares outstanding – basic and diluted	19	33,344,917	5,288,148
Net income (loss) per common share – basic and diluted (\$/share)	19	3.50	(0.46)

2024011901721

San Cristobal Mining Inc.

(Expressed in thousands of US dollars, except share amounts)

Consolidated Statements of Changes in Equity

For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022

	# of Shares	Share Capital	Shares to be Issued	Reserves	AOCI	Retained Earnings (Deficit)
Incorporation - January 14, 2022	-	-	-	-	-	-
Private placement	10,925,000	546	-	-	-	-
Warrant exercise funds received in advance	-	-	81	-	-	-
Warrant exercises	4,200,000	1,050	-	-	-	-
Net loss for the period	-	-	-	-	-	(2,412)
Balance - September 30, 2022	15,125,000	1,596	81	-	-	(2,412)
Warrant exercises	12,975,000	3,339	(81)	(20)	-	-
Subscription receipt financing	15,135,842	30,241	-	-	-	-
Reclassification of subscription receipt liability	-	1,085	-	-	-	-
Private placement	833,334	7,000	-	-	-	-
Share issue costs	-	(997)	-	-	-	-
Fair value of advisory warrants granted	-	(284)	-	6,899	-	-
Advisory shares	2,210,287	5,305	-	-	-	-
Share-based payments	-	-	-	1,727	-	-
Other comprehensive income	-	-	-	-	1,764	-
Net income for the year	-	-	-	-	-	116,773
Balance - September 30, 2023	46,279,463	47,285	-	8,606	1,764	114,361

2024011901722

San Cristobal Mining Inc.

(Expressed in thousands of US dollars)

Consolidated Statements of Cash Flows**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

2024011901723

	Notes	September 30, 2023	September 30, 2022
Operating Activities			
Net income (loss) for the period		116,773	(2,412)
Change in fair value of deferred consideration		4,266	-
Foreign exchange		(7,466)	-
Accretion expense		13,977	-
Depreciation		22,948	-
Income tax expense		7,470	-
Impairment of inventory		745	-
Defined benefit obligation expense		4,052	-
Accrued interest		7,187	-
Gain on Transaction	4	(168,095)	-
Share-based payments		1,727	-
Interest paid		(11,632)	-
Income taxes paid		(32,462)	-
Change in operating assets and liabilities	21	174,856	1,899
Net cash flows from (used in) operating activities		134,346	(513)
Investing Activities			
Cash paid for Transaction	4	(268,497)	-
Cash acquired from Transaction	4	135,973	-
Purchase of property, plant and equipment		(6,424)	-
Net cash flows used in investing activities		(138,948)	-
Financing Activities			
Issuance of shares (net of share issue costs)		39,563	1,596
Share subscriptions received in advance		-	1,166
Loan and historical surtax repayments	13, 14	(24,860)	-
Loan advances (net of financing charges)	13	135,270	-
Net cash flows from financing activities		149,973	2,762
Increase in cash and cash equivalents		145,371	2,249
Cash and cash equivalents, beginning of period		2,249	-
Cash and cash equivalents, end of period		147,620	2,249

San Cristobal Mining Inc.

(Expressed in thousands of US dollars, except share and per share amounts)

Notes to Consolidated Financial Statements

For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022

1 General information

San Cristobal Mining Inc. (together with its subsidiaries, the "Company", or "San Cristobal") was incorporated on January 14, 2022, in the province of British Columbia, Canada. San Cristobal is domiciled in Canada and its office is at Suite 330 – 890 West Pender Street, Vancouver, British Columbia, V6C 1J9.

The Company is engaged in the production and sale of zinc, lead and silver concentrates as well as other related activities, including exploration, extraction and processing. The Company's major products are produced from the San Cristóbal mine in the Nor Lipez province of Bolivia. Additionally, the Company has exploration and project development activities in the vicinity of the San Cristóbal mine.

The Company and Sumitomo Corporation ("Sumitomo") entered into a stock purchase agreement dated January 21, 2023 (the "SPA"), whereby the Company agreed to acquire 100% of the issued and outstanding shares of Comercial Metales Blancos A.B. ("CMB") and 99.7% of the issued and outstanding shares of SC Minerals Bolivia S.R.L. ("SCMB"), which together hold all of the issued and outstanding shares of Minera San Cristóbal S.A. ("MSC") and associated entities (the "Transaction"). MSC owns the San Cristóbal mine. The Transaction closed on February 10, 2023. Please refer to Note 4 for further details.

2 Basis of preparation

a. Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements were approved for issue on January 12, 2024 by the Board of Directors.

b. Foreign currency translation

The functional currency of San Cristobal Mining Inc. is the US dollar ("USD"), which is also the presentation currency of the Company's consolidated financial statements. The functional currencies of the Company's subsidiaries are disclosed in Note 3(c).

c. Estimation uncertainty and accounting policy judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions and accounting policy judgments that may affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis. Estimates are based on historical experience and other factors, including expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and any future periods affected.

San Cristobal Mining Inc.

(Expressed in thousands of US dollars, except share and per share amounts)

Notes to Consolidated Financial Statements

For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Mineral reserve and resource estimates

The Company estimates its mineral resources based on information compiled by a qualified person. Mineral reserves are used in the calculation of depreciation, impairment indicator assessment, and for forecasting the timing of settlement of mine closure, reclamation, and rehabilitation costs. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material effect on the future of the Company's consolidated financial position and results of operation.

Inventory valuation

Concentrate and stockpile inventory is valued at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated future sales price of the product based on expected future metals prices at the estimated time of sale less the estimated costs to complete production and bring the product to market.

Decommissioning and restoration provisions

Accounting for decommissioning and restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the provision for restoration. The provision represents management's best estimate of the present value of the future restoration and remediation costs.

Business combination

Upon the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities acquired on the basis of fair value at the date of acquisition. The fair value of the identifiable assets and liabilities requires the Company to use various estimates in the valuation of each item including, but not limited to, expected future cash flows. Changes in these estimates, due to a variety of reasons, may result in fair value changes in future periods.

When the cost of the acquisition exceeds the fair value attributable to the Company's share of the identifiable net assets, the difference is treated as goodwill, which is not amortized and is reviewed for impairment annually or more frequently when there is an indication of impairment. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized as a gain on the Transaction in the consolidated statement of income (loss) and comprehensive income (loss).

2024011901725

San Cristobal Mining Inc.

(Expressed in thousands of US dollars, except share and per share amounts)

Notes to Consolidated Financial Statements

For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022

Deferred consideration

The measurement of the deferred consideration requires the Company to estimate the fair value at each reporting date which will be based upon the expected probability, timing and amount of the consideration which will ultimately be paid. Changes in expected fulfillment or timing of the deferred consideration requirements could have a material impact to their future measurement.

Areas of accounting policy judgment are as follows:

Deferred tax assets

In assessing the probability of realizing income tax assets recognized, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

3 Significant accounting policies

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for those assets and liabilities that are measured at revalued amounts or fair values at the end of each reporting period. All values are rounded to the nearest thousand, except where otherwise indicated.

The Company has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

b. Business combinations

Upon the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) acquired on the basis of fair value at the date of acquisition. When the cost of the acquisition exceeds the fair value attributable to the Company's share of the identifiable net assets, the difference is treated as goodwill, which is not amortized and is reviewed for impairment annually or more frequently when there is an indication of impairment. If

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the fair value attributable to the Company's share of the identifiable assets exceeds the cost of acquisition, the difference is immediately recognized in the consolidated statements of income (loss) and comprehensive income (loss). Acquisition-related costs, other than costs to issue debt or equity securities of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees, are expensed as incurred.

c. Consolidation

The accounts of the Company and its subsidiaries, which are controlled by the Company, have been included in these consolidated financial statements. Control is achieved when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date the Company obtains control and up to the effective date of disposition or loss of control. The principal subsidiaries of the Company and their geographic locations at September 30, 2023 were as follows:

Country of Incorporation and Principal Place of Business	Entity	Functional Currency	Percentage Holding	
			September 30, 2023	September 30, 2022
Canada	San Cristóbal Mining Holdings	USD	100%	N/A
USA	San Cristóbal Mining USA Inc	USD	100%	N/A
Australia	San Cristóbal Mining Australia Pty Ltd	AUD	100%	N/A
Sweden	Comercial Metales Blancos A.B.	SEK	100%	N/A
Switzerland	SanCris Minerals GmbH	CHF	100%	N/A
Bolivia	SC Minerals Bolivia SRL	BOB	99.6835%	N/A
Bolivia	Minera San Cristóbal SA	USD	99.99995%	N/A
Bolivia	Silex Bolivia SA	USD	99.999%	N/A
Bolivia	Empresa Minera MEMISA SA	USD	99.999%	N/A

d. Financial instruments

IFRS 9 *Financial Instruments* ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into one of three measurement categories: those measured at fair value through profit and loss, at fair value through other comprehensive income, and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Financial liabilities are initially recorded at fair value, net of transaction costs, and are

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subsequently measured at amortized cost using the effective interest rate method or fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank accounts and on hand and other short-term highly liquid investments with initial maturities at the time of acquisition of less than 90 days.

Settlement accounts receivable

Settlement accounts receivable from concentrate sales vary based on the underlying commodity prices. Settlement accounts receivable from concentrate sales are classified as fair value through profit or loss and are recorded at the fair value at each reporting period based on estimates of quoted commodity prices up to the date of final pricing and provisional quantity adjustments. The changes in fair value are recorded in operating income (loss).

Trade accounts receivable

Trade accounts receivable relate to amounts owing from sales under the Company's offtake agreements. These receivables are non-interest bearing and are recognized at fair value and are subsequently measured at amortized cost. Trade accounts receivable recorded are net of lifetime expected credit losses.

Deferred consideration

Deferred consideration relates to the Transaction whereby a portion of the consideration payable to the seller is contingent on future events. Such consideration is classified at fair value through profit or loss and is recorded at the fair value at each reporting period. The changes in fair value are recorded in other operating income (expense).

Accounts payable and accrued liabilities and debt

Accounts payable and accrued liabilities and debt are recorded at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption amount is recognized in net income (loss) over the period to maturity using the effective interest rate method.

Fair value

The fair value of quoted investments is determined by reference to market prices at the close of business on the consolidated statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

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Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Expected credit losses

For trade accounts receivable, the Company applies the simplified approach to determining expected credit losses, which requires expected lifetime losses to be recognized upon initial recognition of the receivables.

e. Inventory

Cost of inventories

The costs of purchase of inventories (e.g. materials, supplies and spare parts, etc.) comprise the purchase price, taxes (other than those subsequently recoverable by the entity from the taxing authorities), and handling and other costs directly attributable to the acquisition of finished goods, materials and services. Import duties and handling costs are not transferred to inventory but rather recognized through cost of sales.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour and the cost incurred to bring the ore to the processing plant from the mine or from the ore stockpiles. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into concentrate. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings, equipment and right-of-use assets used in the production process, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The Company utilizes the weighted average cost formula for the determination of cost of inventories. The cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period.

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Net realizable value

Net realizable value represents the estimated future sales price of the product based on expected future metals prices at the estimated time of sale less the estimated costs to complete production and bring the product to market.

Materials, supplies and spare parts

The allowance for overstock items is recorded considering materials with low movement. Due to their characteristics and status, items that are provided for are not expected to be used during the mine life. The allowance is net of an expected salvage value for such items of 3% of original cost which has been determined based on historical data.

Concentrate

Concentrate inventories represent silver bearing zinc and lead concentrates available for shipment. Concentrate inventories are valued at the lower of the weighted average cost of the ore sent to the processing plant from the mine or from the ore stockpiles plus the plant processing costs incurred, including applicable depreciation related to the processing facilities and an allocable portion of mine site administrative costs and related overheads, and net realizable value.

Ore stockpiles

Ore stockpiles represent ore that has been mined and is available for further processing. Ore stockpiles are measured by estimating the number of tons added and removed from the stockpile. Costs are allocated to ore stockpiles based on current mining costs incurred up to the point of stockpiling the ore, including depreciation, depletion and amortization relating to mining operations. Material is removed from the stockpile at the weighted average cost per ton. The Company allocates all waste removal costs to production expense. The current portion of ore stockpiles is determined based on the expected amounts to be processed within the next 12 months. Ore stockpiles that are not expected to be processed within the next 12 months are classified as long-term.

f. Mineral properties, plant and equipment

Exploration and evaluation expenditures

Property acquisition costs are capitalized. These costs include mineral licenses fees, and payments for title. Other exploration and evaluation costs are capitalized if they relate to specific properties for which mineral resources exist or are near a specific property with existing mineral resources and it is probable that the expenditure can be recovered by future exploitation or sale. All other costs are charged to income (loss) in the year in which they are incurred. When the technical feasibility and commercial viability of a property has been established, capitalized exploration and evaluation costs are reclassified to mineral properties and tested for impairment.

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The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including: the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar document; the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; the status of environmental permits; and the status of mining leases or other development permits.

Mine development

The application of the Company's accounting policy for capitalization of exploration and evaluation expenditures requires judgment in determining whether the future economic benefit is likely, either through future exploitation or sale, where properties have not reached a stage that permits a reasonable assessment of the existence of mineral reserves. The deferral policy requires management to make certain judgments about future events or circumstances, in particular whether an economically viable mine can be established. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statements of income (loss) and comprehensive income (loss) in the period when the new information becomes available.

Major development expenditures on producing properties incurred to increase production or extend the life of the mine are capitalized while ongoing mining expenditures on producing properties are charged against income as incurred. Gains or losses from sales or retirements of assets are included in gain or loss on sale of assets.

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Depreciation

The following table outline the methods used to amortized mineral properties, plant and equipment:

Assets	Depreciation Method
Mobile equipment	Straight-line 5-8 years
Other furniture and equipment	Straight-line 3-5 years
Plant, mining equipment, railroad, mineral properties	Units of production using applicable reserves
Exploration and evaluation	Not depreciated until mine goes into production
Assets under construction	Not depreciated until assets are ready for intended use

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Impairment of mineral properties, plant and equipment

Management assesses at each reporting period-end whether there is an indication that an item of mineral properties, plant and equipment may be impaired. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. CGUs are individual operating mines or exploration and development projects. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, 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. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets, fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or CGU is estimated to be less than its carrying value, the carrying amount of the asset or CGU is reduced to its recoverable amount. When an impairment loss exists, it is recorded as an expense immediately.

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

g. Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and whether the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee, the Company recognizes a right-of-use asset, which is included in mineral property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability. A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in

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the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities include the net present value of lease payments, which are comprised of:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or a rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- Exercise prices of purchase options if the Company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to income (loss). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income (loss) on a straight-line basis over the lease term.

h. Employee benefits

Defined benefit obligation

The liability recognised in the consolidated statements of financial position in respect of defined benefit plan is the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in AOCI in the statement of changes in equity and in the consolidated statements of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

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Other post-employment obligations

The Company provides post-retirement benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in profit or loss in the period in which they arise.

i. Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk-free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, the inflation rate and the risk-free discount rate.

The restoration provision is accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to income (loss). The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

j. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

k. Revenue

The Company's revenue consists of sales of zinc and lead concentrates. The Company's performance obligation relates primarily to the delivery of these products to our customers.

Revenue is recognized at the point in time when the customer obtains control of the product. Control is achieved when a product is delivered to the customer, the Company has a present right to payment for the product, significant risks and rewards of ownership have been transferred to the customer according to the contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

The Company's metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, revenue is recorded based on the estimated consideration to be received at the date of sale, with

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reference to relevant commodity market prices. Adjustments are to be made to settle receivables in subsequent periods based on movement in quoted commodity prices up to the date of final pricing. This adjustment mechanism is based on the market price of the commodity and, accordingly, the changes in value of the settlement receivables are not considered to be revenue from contracts with customers.

Metal concentrate sales are billed based on provisional weights and assays upon the passage of control to the customer. The first provisional invoice is billed to the customer at the time of transfer of control. As final prices, weights and assays are received, additional invoices are issued and collected. In general, consideration is promptly collected from customers; however, the payment terms are customer-specific and subject to change based on market conditions and other factors.

l. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the consolidated statement of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

m. Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance. Professional, consulting, regulatory, and other costs directly attributable to equity transactions are recorded as share issuance costs.

The Company follows the residual method with respect to the measurement of common shares and common share purchase warrants issued as private placement units. Proceeds from private placements are first allocated to the common shares contained in the units based on the market value of shares on the date of issuance, with any residual amount allocated to warrants in the units. If the proceeds are less than or equal to the estimated fair market value of the share issuance, a \$nil carrying amount is assigned to the warrants.

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n. Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings 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 period. In periods of loss, basic and diluted earnings per share are the same as dilutive instruments and have an anti-dilutive effect.

o. Share-based payments

The Company makes share-based awards, including stock options and equity compensation warrants, to certain employees.

For equity-settled awards, the fair value is charged to the consolidated statements of income (loss) and comprehensive income (loss) and credited to equity, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest. The fair value of the equity-settled awards is determined at the date of grant. Non-vesting conditions and market conditions are factored into the determination of fair value at the date of grant. All other vesting conditions are excluded from the determination of fair value and included in management's estimate of the number of awards ultimately expected to vest.

The fair value is determined by using the Black-Scholes option pricing model. At each consolidated statement of financial position date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss) with a corresponding entry within equity. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification, over the remainder of the new vesting period.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Any compensation paid up to the fair value of the awards at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the consolidated statements of income (loss) and comprehensive income (loss). However, if a new award is substituted for the cancelled award, and designated as a replacement award on the

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date that it is granted, the new awards are treated as if they are a modification of the original award, as described in the previous paragraph.

On exercise the associated option value in the equity reserve is reclassified to share capital.

p. Borrowing costs and upfront costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. Qualifying assets are assets that require a substantial amount of time to prepare for their intended use, including mineral properties in the evaluation stage where there is a high likelihood of commercial exploitation. Qualifying assets also include significant expansion projects at the operating mines. Borrowing costs are considered an element of the historical cost of the qualifying asset. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings. Where surplus funds available out of money borrowed specifically to finance a project are temporarily invested, the total borrowing cost is reduced by income generated from short-term investments of such funds.

Upfront costs incurred in connection with entering new credit facilities are recorded as other assets and are amortized over the life of the respective credit facilities.

q. Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste in order to access the ore body. During the preproduction phase, these costs are capitalized as part of the cost of the mine property and subsequently amortized over the life of the mine (or pit) on a units of production basis.

The costs of removal of the waste material during a mine's production phase are deferred where they give rise to future benefits. These capitalized costs are subsequently amortized on a unit of production basis over the reserves that directly benefit from the specific stripping activity.

r. Foreign currency translation

The Company's functional currency and that of most of its subsidiaries is the USD, as this is the principal currency of the economic environments in which they operate. Transaction amounts denominated in foreign currencies (currencies other than the entity's functional currency) are translated into the entity's functional currency at exchange rates prevailing at the transaction dates. Carrying values of foreign currency monetary assets and liabilities are re-translated at

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each consolidated statement of financial position date to reflect the relevant exchange rate prevailing at that date.

Gains and losses arising from translation of foreign currency monetary assets and liabilities at each period-end are included in income (loss) except for differences arising on decommissioning provisions that are capitalized for operating mines.

Assets and liabilities of subsidiaries that have a functional currency other than USD are translated into USD at the exchange rate in effect on the consolidated statements of financial position date and revenues and expenses are translated at the average rate over the reporting period. Gains and losses from these translations are recognized in other comprehensive income.

s. **New accounting pronouncements**

The following amendments to accounting standards issued are relevant to the Company but not yet effective on September 30, 2023.

Amendments to IAS 12 – Global Implementation of Pillar Two

Narrow scope amendments to IAS 12 (i) provide a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model rules published by the OECD, and (ii) introduce targeted disclosure requirements for affected entities.

Effective immediately and retrospectively including the requirement to disclose the fact that the exception has been applied if the entity's income taxes will be affected by enacted or substantively enacted tax law that implements the OECD's Pillar Two model rules.

The amendments are effective for the Company from October 1, 2023, will be applied retrospectively and are not expected to significantly impact the Company.

Amendments to IAS 12, and IFRS 1 – Deferred taxes related to assets and liabilities arising from a single transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The

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proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

The amendments are effective for the Company from October 1, 2023, will be applied retrospectively and are not expected to significantly impact the Company.

Amendments to IAS 1 – Disclosure of Accounting Policies

The Board amended IAS 1 Presentation of Financial Statements to require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendments are effective for the Company from October 1, 2023, will be applied retrospectively and are not expected to significantly impact the Company.

Amendments to IAS 8 – Changes in Estimates vs Changes in Accounting Policies

The Board amended IAS 8 to change the definition of change in accounting estimate with a definition of accounting estimate.

This is to add to the already previously existing definition of accounting policies so as to allow preparers of financial statements a better distinction of the differences between the two.

The amendments are effective for the Company from October 1, 2023, will be applied retrospectively and are not expected to significantly impact the Company.

Amendments to IAS 1 – Non-current liabilities with covenants

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

The amendments are effective for the Company from October 1, 2024, will be applied retrospectively and are not expected to significantly impact the Company.

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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4 Business combination

On January 21, 2023, San Cristobal entered into the SPA with Sumitomo to acquire 100% of the issued and outstanding shares of CMB and 99.7% of the issued and outstanding shares of SCMB, and all of their subsidiaries, for consideration with an acquisition date fair value of \$331,000. The Transaction closed on February 10, 2023. Of the \$331,000 purchase price, \$74,450 relates to deferred consideration whereby San Cristobal, at a future date, will or may need to make payments to the seller based on deferred or contingent events. Deferred events relate to the completion of the oxide silver project feasibility study and a payment relating to the restart of operations at the Port of Mejillones in Chile, while contingent events relate to the completion of the oxide silver project final investment decision, commencement of production for the oxide silver development project at certain threshold recovery rates, production of the Isidorito project at certain mining and processing rates, and MSC free cash flow amounts. MSC has guaranteed the Company's consideration payments. These amounts were determined based on their fair value through an analysis of the probabilities of each of these events occurring.

Details of the purchase consideration fair value on the date of the Transaction are as follows:

Upfront cash consideration	256,550
Deferred consideration	43,000
Deferred contingent consideration	31,450
Total consideration	331,000

The assets and liabilities recognized as a result of the Transaction are as follows:

	Fair Value
Cash and cash equivalents	135,973
Accounts receivable	113,242
Inventories	318,417
Mineral properties, plant and equipment	117,801
Prepayments and advances	3,892
Mineral properties - Isidorito project	35,000
Long-term VAT receivable	23,949
Deferred tax assets	10,012
Accounts payable and accrued liabilities	(48,181)
Decommissioning provision	(93,537)
Other liabilities	(23,318)
Income taxes payable	(94,155)
Total assets acquired and liabilities assumed, net	499,095

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The fair value of the net assets acquired was greater than the fair value of the consideration due to Sumitomo's willingness to transact and the Company's ability to negotiate a favourable transaction subsequent to the October 2022 fire incident at the Port of Mejillones which impacted MSC's ability to export concentrates, resulting in a bargain purchase gain of \$168,095.

The Company recorded \$6,688 of acquisition-related costs during the year ended September 30, 2023, which were presented as transaction costs. If the Transaction had occurred at the beginning of the year, the Company's revenue would have been \$534,900.

5 Cash and cash equivalents

Of the balance as at September 30, 2023, cash and cash equivalents totalling \$113,175 (2022: \$nil) relate to amounts held in short-term fixed deposits. The remaining balance consists of cash totalling \$34,445 (2022: \$2,249) which relates to amounts held in operating bank accounts.

6 Accounts receivable

	September 30, 2023	September 30, 2022
Current accounts receivable		
Trade accounts receivable	25,305	-
Settlement accounts receivable	20,998	-
VAT receivable	40,772	-
Other receivables	4,679	-
Total current accounts receivable	91,754	-
Non-current accounts receivable		
VAT receivable	14,956	-
Total accounts receivable	106,710	-

Trade accounts receivable have allowances for credit losses of \$nil at September 30, 2023 (2022: \$nil).

Settlement accounts receivable represent the effect of mark-to-market price adjustments related to the quality and quantity of concentrate that remains to be settled with customers.

Current VAT receivable represents Solicitud de Devolución de Impuestos ("SDIs") that have been filed with the Bolivian Servicio de Impuestos Nacionales ("SIN") and have been confirmed as being payable by the Bolivian Ministry of Economy. All current amounts are expected to be received within 12 months.

Non-current VAT receivable represents SDIs that have been filed with SIN but have not yet been confirmed as being payable by the Ministry of Economy. The Company has determined that the expected credit losses relating to SDIs are immaterial.

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7 Inventories

Inventory relates to zinc and lead concentrates located at the San Cristóbal mine and the Company's port facilities, materials and supplies including components, fuel, reagents, and operating supplies at the San Cristóbal mine, and ore stockpiles at the San Cristóbal mine. Non-current inventories consist of ore stockpiles as well as related materials and supplies that are not expected to be processed within one year.

	September 30, 2023	September 30, 2022
Current inventories		
Materials and supplies	62,944	-
Ore stockpiles	23,941	-
Concentrate inventory	34,857	-
Total current inventories	121,742	-
Non-current inventories		
Ore stockpiles	60,000	-
Materials and supplies	31,977	-
Total inventories	213,719	-

Production costs of \$366,455 (2022: \$nil) includes \$69,295 (2022: \$nil) that was recognized as part of inventories and subsequently expensed when sold during the year.

Total inventory write-downs in 2023 were \$745 (2022: \$nil) and were included as part of cost of sales.

8 Prepayments and advances

Prepayments and advances total \$6,514 as at September 30, 2023 (2022: \$nil).

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9 Mineral properties, plant and equipment

	Exploration and Evaluation Assets	Mineral Properties	Plant and Machinery	Other	Total
Cost					
Balance, September 30, 2022	-	-	-	-	-
Additions	1,695	-	1,118	3,869	6,682
Assets acquired as part of Transaction	43,275	39,800	53,197	16,103	152,374
Changes in estimate of decommissioning provision	-	110,000	-	-	110,000
Disposals	-	-	-	-	-
Balance, September 30, 2023	44,970	149,800	54,315	19,972	269,056
Accumulated depreciation					
Balance, September 30, 2022	-	-	-	-	-
Depreciation	-	13,223	6,063	3,662	22,948
Disposals	-	-	-	-	-
Balance, September 30, 2023	-	13,223	6,063	3,662	22,948
Net book value					
Balance, September 30, 2022	-	-	-	-	-
Balance, September 30, 2023	44,970	136,577	48,252	16,310	246,108

The Company's mineral properties are located in Bolivia and primarily include the San Cristóbal mine, the Isidorito exploration project, and surrounding properties.

Right-of-use assets are included in the 'Other' column above.

	Right-of-Use Assets
Cost	
Balance, September 30, 2022	-
Assets acquired as part of Transaction	1,625
Balance, September 30, 2023	1,625
Accumulated depreciation	
Balance, September 30, 2022	-
Assets acquired as part of Transaction	-
Depreciation	1,010
Balance, September 30, 2023	1,010
Net book value	
Balance, September 30, 2022	-
Balance, September 30, 2023	615

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The Company has the following two contracts with embedded leasing arrangements with respect to assets that are being operated exclusively for the use of the Company which were accounted for following the guidance of IFRS 16 *Leases*. Such right-of-use of assets include the following contracts:

a) Port of Mejillones agreement related to services at the port facilities in Mejillones, Chile. Certain assets constructed at the port are for the exclusive use of the Company, including concentrate reception, unloading and storage facilities.

b) San Cristóbal Transportadora de Electricidad S.A. agreement, related to transmission services to transport power for the San Cristóbal mine from the Bolivian power grid.

10 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	September 30, 2023	September 30, 2022
Trade accounts payable and accruals	29,900	1,899
Other	1,581	-
Total accounts payable and accrued liabilities	31,481	1,899

11 Deferred revenue – inventory advances

Working capital financing

The Company has entered into several sales agreements with Ocean Partners UK Ltd. ("Ocean Partners") whereby, at its option and in its sole discretion, the Company may request that Ocean Partners pays an amount of the concentrate value in advance of shipment. Working capital financing in relation to this agreement amounted to \$34,069 at September 30, 2023 (2022: \$nil) and is recognized as deferred revenue on the consolidated statements of financial position. Certain costs associated with the finalization of these agreements totalling \$10,669 (2022: \$nil) have been recognized on the consolidated statements of financial position and are amortized over the life of the relevant agreements.

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022****12 Other liabilities**

	September 30, 2023	September 30, 2022
Current other liabilities		
Lease obligations	764	-
Other post-employment benefits	8,462	-
Total current other liabilities	9,226	-
Non-current other liabilities		
Defined benefit plan	22,410	-
Other post-employment benefits	22,010	-
Total other liabilities	53,646	-

Lease obligation

The capital lease payable relates to two plant leases, included in Note 9, which have a remaining lease term of less than one year and an interest rate of 8.04% and 12.03% over the term of the lease.

The schedule of undiscounted lease obligations is as follows:

	September 30, 2023
Less than one year	889
Total undiscounted lease liabilities	889

The changes to the lease liabilities balance for the financial year ended September 30, 2023 is as follows:

	September 30, 2023
Balance, September 30, 2022	-
Lease liabilities acquired as part of Transaction	2,628
Repayment of capital	(1,864)
Repayment of interest	(125)
Accrued interest	125
Balance, September 30, 2023	764
Less: current portion	764
Long-term portion	-

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022***Defined benefit plan*

The liability recognized in the consolidated statement of financial position regarding pension and other post-employment benefits is the present value of the defined benefit obligation at the end of the reporting period according to IAS19 *Employee Benefits*.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experienced adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

This provision also covers the legal obligation for employee severance obligations at year-end. According to Bolivian legislation, after three months of service, an employee is entitled to one month's salary for each year of service, even in the case of voluntary redundancy.

The amounts recognized in the consolidated statements of financial position and the movements in the net defined benefit obligation over the year are as follows:

	Present Value of Obligation
Balance, September 30, 2022	-
Defined benefit plan obligation acquired as part of Transaction	22,841
Current service cost	4,052
Interest expenses	889
Total amount recognized in income or loss	4,941
Remeasurements	
Loss from change in demographic assumptions	(2,150)
Experience losses	(335)
Total amount recognized in other comprehensive income	(2,485)
Benefit payments	(2,887)
Balance, September 30, 2023	22,410

Other post-employment benefits

According to Bolivian legislation, after three months of service, an employee is entitled to an indemnity of one month's salary for each year of service, even in the case of voluntary redundancy. Liabilities for employee severance indemnities are measured as the present value of expected future payments to

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be made in respect of services provided by employees up to the end of the reporting date. Expected future payments that are not expected to be settled within 12 months are discounted using market yield at the reporting date of Bolivian corporate bond rates and reflect the terms to maturity. Remeasurements as a result of adjustments and changes in actuarial assumptions are recognized in income (loss).

13 Debt

The changes in debt are comprised of the following:

	Bolivian Financing Arrangements	Ocean Partners Facility	Trafigura Facility	Total
Balance, September 30, 2022	-	-	-	-
Additions	35,931	44,383	54,956	135,270
Capital repayments	-	(17,500)	-	(17,500)
Interest expense	173	3,216	4,723	8,112
Financing fee amortization	-	4,000	1,188	5,188
Interest paid	-	(3,216)	(3,631)	(6,847)
Balance, September 30, 2023	36,104	30,883	57,236	124,223
Less: current portion	15,145	30,883	18,236	64,264
Long-term portion	20,959	-	39,000	59,959

a) Bolivian financing arrangements

BISA bank \$30 million loan

On May 17, 2023, MSC entered into a working capital loan agreement with BISA denominated in Bolivianos, amounting to \$30,172 (BOB 210,000). The agreement includes a 6-month grace period, followed by a 2-year repayment period at an annual interest rate of 6%.

On May 17, 2023, an initial tranche of \$5,029 (BOB 35,000) was disbursed. A second tranche of \$10,057 (BOB 70,000) was drawn on June 6, and a third and final tranche of \$15,086 (BOB 105,000) was obtained on July 12, 2023. The first monthly repayment is scheduled to commence on December 16, 2023, and will continue until November 16, 2026.

BISA bank \$10 million loan

On September 6, 2023, SILEX S.A. entered into an exploration loan agreement with BISA in Bolivian Bolivianos, amounting to \$10,057 (BOB 70,000). The agreement includes a 6-month grace period, one-time 1% structuring commission, followed by a 2-year monthly repayment period at an annual interest rate of 6%. The money will be used exclusively for the San Francisco-Isidorito project. MSC is co-debtor of this facility.

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On September 9, 2023, an initial tranche of \$2,802 (BOB19,500) was disbursed. Subsequent tranches are by demand. The first monthly repayment will commence on April 9, 2024, and will continue until March 10, 2026.

BCP bank \$3 million loan

On May 22, 2023, MSC entered into a working capital loan agreement with BCP in Bolivian Bolivianos, amounting to \$2,957 (BOB 20,580), which was totally disbursed on May 24, 2023. The capital and the 6% yearly interest will be paid in a lump sum 12 months later, on May 23, 2024.

b) Ocean Partners Facility

On February 7, 2023, the Company entered into an unsecured concentrate prepayment credit facility with Ocean Partners in an amount of up to \$50,000 (the "OP Facility"). The OP Facility bears interest on drawn funds of 6% per annum plus 12-month Term Secured Overnight Financing Rate ("Term SOFR") as of two US Government Securities Business Days prior to the date of the applicable draw and matures on February 7, 2024.

A first tranche of \$25,000 was drawn on February 8, 2023. A second tranche of an additional \$25,000 was drawn on March 7, 2023. Aggregate transaction costs of \$5,617 were recognized against these initial drawdowns.

c) Trafigura Facility

On February 8, 2023, the Company entered into a secured 4 year loan facility with Trafigura Pte Ltd ("Trafigura") in an amount of \$60,000 (the "Trafi Facility"). The credit facility bears interest on drawn funds of Term SOFR plus a credit spread of 0.216161% plus a margin of 6.75% and matures on February 8, 2027. The Trafi Facility includes a share pledge security arrangement over the Company's subsidiaries.

The full \$60,000 was drawn on February 8, 2023. Transaction costs of \$5,044 were recognized against the initial drawdown.

The OP Facility and the Trafi Facility have similar covenants. In addition to a number of industry-standard negative and positive undertakings, the Company is required to maintain a positive net asset value, a current ratio greater than 1.1 at all times, and a net leverage ratio less than 2.5 at all times. In addition, the Company's aggregate senior secured debt cannot exceed \$100,000. As at September 30, 2023, the Company is in compliance with all covenants. MSC has also guaranteed the Company's obligations pursuant to the OP Facility and the Trafi Facility.

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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14 Historical surtax payable

	Historical surtax payment facility
Balance, September 30, 2022	-
Debt acquired as part of Transaction	63,083
Capital repayments	(7,361)
Interest expense	2,595
Interest paid	-
Balance, September 30, 2023	58,317
Less: current portion	13,717
Long-term portion	44,600

This obligation with the SIN stems from MSC's September 2022 surtax liability of \$97,050. On January 28, 2023 (prior to the Transaction), MSC requested an installment plan from SIN that was approved with initial payments of 15% (\$14,557) and 20% (\$19,410), totaling \$33,967, both of which were applied against the outstanding amount. The remaining \$63,083 is to be paid on a 60-month payment plan at 4% interest, resulting in monthly installments of \$1,100 with variable interest updated based on the UFRV. As of September 30, 2023, the outstanding capital is \$55,722. The obligation concludes on February 29, 2028.

15 Decommissioning provision

The Company's provision for environmental rehabilitation results from mining infrastructure and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities generally include costs for decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area and post-closure site security and monitoring costs. The Company considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs. Such analysis is performed on an on-going basis.

Decommissioning provisions and other closure provisions relating to the Company's mining operations are as follows:

	Decommissioning Provision
Balance, September 30, 2022	-
Decommissioning provision acquired as part of Transaction	93,537
Change in discount rate related to the Transaction	110,000
Change in cost estimate	2,082
Accretion expense	1,149
Balance, September 30, 2023	206,768
Less: current portion	-
Long-term portion	206,768

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Subsequent to the Transaction, MSC's decommissioning provision was remeasured in accordance with the Company's accounting policy to reflect the discounting of such amounts using a weighted average risk-free discount rate of 4.95% (the "ARO Discount Rate Adjustment"). As a result of the ARO Discount Rate Adjustment, an asset retirement obligation of \$110,000 was recognized in mineral properties, plant and equipment (Note 9) on the consolidated statements of financial position and the decommissioning provision was increased by the same amount.

The Company estimates that the future value of the cash flows required to settle the provision is \$470,970. The decommissioning provisions is discounted using a current market pre-tax discount rate of 3.54% and an inflationary factor of 4.75%.

The Company expects these liabilities to be settled between 2027 and 2049.

16 Share capital

a. Authorized share capital

The Company is authorized to issue an unlimited number of common voting shares without nominal or par value. All issued common shares are fully paid.

b. Stock options and equity compensation warrants

For the year ended September 30, 2023, the total share-based payments expense relating to stock options and equity compensation warrants was \$1,727 (2022: \$nil) and is presented as a component of general and administrative expenses.

Stock options

During the year, the Company granted 3,145,000 stock options (2022: nil).

	Options Outstanding #	Weighted Average Price \$
Outstanding, January 14 and September 30, 2022	-	-
Granted	3,145,000	2.64
Exercised	-	-
Expired	-	-
Forfeited	-	-
Outstanding, September 30, 2023	3,145,000	2.64

The weighted average share price at the date of exercise for the year ended September 30, 2023 was \$2.64.

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Exercise Price	Options #	Outstanding Weighted Average Exercise Price \$	Weighted Average Remaining Life in Years
\$2.64	3,145,000	\$2.64	9.9

Exercise Price	Options #	Outstanding and Exercisable Weighted Average Exercise Price \$	Weighted Average Remaining Life in Years
\$2.64	1,048,333	\$2.64	9.9

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	September 30, 2023
Risk-free interest rate	4.12%
Volatility	45%
Expected dividend	Nil
Forfeiture rate	0%
Expected option life	6 years

Volatility was calculated using a group of comparable companies within the Company's industry and adjusted for a lack of liquidity.

Equity compensation warrants

During the year, the Company granted 1,000,000 equity compensation warrants (2022: nil).

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	Warrants Outstanding #	Weighted average price
Outstanding, January 14 and September 30, 2022	-	-
Granted	1,000,000	2.64
Exercised	-	-
Expired	-	-
Forfeited	-	-
Outstanding, September 30, 2023	1,000,000	2.64

The weighted average share price at the date of exercise for the year ended September 30, 2023 was \$2.64.

Exercise Price	Warrants #	Outstanding	
		Weighted Average Exercise Price	Weighted Average Remaini ng Life in Years
\$2.64	1,000,000	\$2.64	9.9

Exercise Price	Warrants #	Outstanding and Exercisable	
		Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$2.64	333,333	\$2.64	9.9

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	September 30, 2023
Risk-free interest rate	4.12%
Volatility	45%
Expected dividend	Nil
Forfeiture rate	0%
Expected option life	6 years

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Volatility was calculated using a group of comparable companies within the Company's industry and adjusted for a lack of liquidity.

c. Warrants

For the year ended September 30, 2023, the total expense relating to broker and advisory warrants was \$1,370 (2022: \$nil) and is presented as a component of transaction costs considering all such warrants were issued in conjunction with the Transaction.

	Warrants #	Weighted Average Price
Balance, January 14, 2022	-	-
Granted	19,075,000	0.25
Exercised	(400,000)	0.25
Expired	-	-
Forfeited	-	-
Outstanding, September 30, 2022	18,675,000	0.25
Granted	10,692,618	2.48
Exercised	(16,775,000)	0.25
Expired	-	-
Forfeited	-	-
Outstanding, September 30, 2023	12,592,618	2.14

The weighted average exercise price at the date of exercise for the year ended September 30, 2023 was \$2.14.

Exercise Price	Outstanding – September 30, 2023		
	Warrants #	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$0.25	1,900,000	\$0.25	3.9
\$2.40	218,899	\$2.40	1.4
\$2.64	3,560,000	\$2.64	1.4
\$2.40	4,851,219	\$2.40	1.4
\$2.40	62,500	\$2.40	1.5
\$2.40	2,000,000	\$2.40	1.6
	12,592,618	\$2.14	

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Outstanding and Exercisable – September 30, 2023			
Exercise Price	Warrants #	Weighted average exercise price	Weighted average remaining life in years
\$0.25	1,900,000	\$0.25	3.9
\$2.40	218,899	\$2.40	1.4
\$2.64	3,560,000	\$2.64	1.4
\$2.40	4,851,219	\$2.40	1.4
\$2.40	62,500	\$2.40	1.5
\$2.40	2,000,000	\$2.40	1.6
	12,592,618	\$2.14	

The weighted average exercise price at the date of exercise for the period from incorporation to September 30, 2022 was \$0.25.

Outstanding – September 30, 2022			
Exercise Price	Warrants #	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$0.25	10,500,000	\$0.25	0.7
\$0.25	25,000	\$0.25	0.9
\$0.25	8,150,000	\$0.25	4.9
	18,675,000	\$0.25	

Outstanding and Exercisable – September 30, 2022			
Exercise Price	Warrants #	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$0.25	10,500,000	\$0.25	0.7
\$0.25	25,000	\$0.25	0.9
\$0.25	8,150,000	\$0.25	4.9
	18,675,000	\$0.25	

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

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	September 30, 2023	September 30, 2022
Risk-free interest rate	3.57% - 4.09%	3.57% - 4.09%
Annualized volatility based on historic volatility	45%	45%
Expected dividend	Nil	Nil
Forfeiture rate	0%	0%
Expected option life	2 years	1-5 years

Volatility was calculated using a group of comparable companies within the Company's industry and adjusted for a lack of liquidity.

d. Shares to be issued

As at September 30, 2023, \$nil (2022: \$81) was recognized as shares to be issued representing funds received in advance of warrant exercises.

17 Revenue

The Company's analysis of revenue from contracts with customers, segmented by product, is as follows:

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Zinc concentrate	239,998	-
Lead concentrate	199,146	-
Total revenue	439,144	-

18 Finance expenses

		Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Interest and accretion expense on Trafi Facility	13	5,911	-
Interest and accretion expense on OP Facility	13	7,216	-
Interest on Bolivian financing	13	173	-
Interest on historical SIN surtax payment facility	14	2,595	-
Accretion expense on decommissioning provision	15	1,149	-
Accretion of deferred financing costs		7,642	-
Working capital facility interest and other		6,379	-
Total finance expenses		31,065	-

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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19 Basic and diluted earnings / (loss) per share

Basic income per share is calculated based on the weighted average number of common shares and common share equivalents outstanding during the year ended September 30, 2023 and period from incorporation to September 30, 2022. During the year, all outstanding and exercisable instruments disclosed in Note 16 were determined to be anti-dilutive for the purposes of diluted earnings per share.

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Income (loss) attributable to the ordinary equity holders of the Company	116,773	(2,412)
Weighted average number of common shares used as the denominator in calculating basic earnings per share	33,344,917	5,288,148
Basic and diluted earnings / (loss) per share	3.50	(0.46)

20 Related party transactions

The Company's related parties include its subsidiaries, Crescat Capital and key management personnel. Key management personnel include directors and corporate officers of both the Company and its subsidiaries.

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Salaries, wages, bonuses and other benefits	6,276	-
Share-based compensation, including fair value of advisory warrants	2,617	-
Total related party transactions	8,893	-

21 Supplementary cash flow disclosure

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Change in operating assets and liabilities	88,211	-
Change in accounts receivable	(50,982)	-
Change in prepayments and advances	23,004	-
Change in deferred revenue - inventory advances	34,069	-
Change in accounts payable and accrued liabilities	80,554	1,899
Change in operating assets and liabilities	174,856	1,899

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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22 Income taxes*Income tax expense recognized**a) Tax amounts recognized in income (loss)*

	2023	2022
Current tax expense		
Current taxes on income for the year	36,256	-
Bolivian withholding taxes	14,174	-
Total current tax expense	50,430	-
Deferred tax expense		
Origination and reversal of temporary differences	(16,258)	-
Total deferred tax expense	(16,258)	-
Total tax expense	34,172	-

b) Reconciliation of effective tax rate

Income tax expense (recovery) differs from the amount that would be calculated by applying the applicable Canadian statutory income tax rate to income (loss) before income taxes. The significant reasons for the differences are as follows:

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Net income (loss) before income taxes	150,945	(2,589)
Statutory tax rate	27%	27%
Anticipated income tax at statutory rates	40,755	(699)
Permanent differences	(38,472)	-
Differences between Canadian and foreign tax rates	(4,328)	-
Bolivian Surtax	11,394	-
Change in estimate	-	-
Effect of change in tax rates	-	-
Impact of foreign exchange on local currencies	543	-
Bolivian withholding taxes	14,174	-
Change in deferred tax assets not recognized	6,102	699
Change in deferred WHT liability (Bolivian WHT)	4,822	-
Other items	(818)	-
Total income tax expense	34,172	-
Effective tax rate	23%	-
Total income tax expense represented by:		
Current income tax expense	36,256	-
Bolivian withholding taxes	14,174	-
Deferred tax expense	(16,258)	-
	34,172	-

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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c) Deferred tax balances

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Deferred tax assets		
Provisions	3,675	-
Asset remediation	7,567	
Deferred charge	37,569	-
Payroll accrual	7,462	-
Materials and supplies inventory	2,908	-
Other	1,313	-
Total deferred tax assets	93,774	-
Deferred tax liabilities		
Mineral properties	(13,797)	-
Mineral property provision	(4,139)	-
Equipment and buildings	(47)	-
Isidorito project	(13,125)	-
WHT on dividends to be received from MSC	(4,822)	-
Other	767	-
Total deferred tax liabilities	(68,443)	-
Net deferred tax assets (liabilities)	25,331	-
Classification		
Deferred tax assets (liabilities)	30,153	-
Net deferred WHT asset (liabilities)	(4,822)	-

The Company's movement of net deferred tax assets is described below:

	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Balance, beginning of period	10,005	-
Deferred income tax expense (recovery) through consolidated statements of income (loss) and comprehensive income (loss)	16,258	-
Deferred income tax expense (recovery) through comprehensive income	(932)	-
Balance, end of period	25,331	-

d) Unrecognized deferred tax assets and liabilities

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the deferred tax assets will be realized. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax assets are recognized consist of the following amounts:

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

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	Year Ended September 30, 2023	Period from Incorporation to September 30, 2022
Unrecognized deductible temporary differences and unused tax losses		
Non-capital losses	81,701	2,589
Investment in subsidiaries	8,068	-
Contingent consideration	-	-
Deferred financing costs	1,673	-
Share issuance costs	1,029	-
Warrants Issued for Services	1,126	-

e) Tax loss carryforwards

The Company's tax losses have the following expiry dates:

	Expiry dates		Non-capital losses	
	2023	2022	2023	2022
Non-capital losses				
Canada	2042 - 2043	2042	24,740	2,589
Sweden	2028	-	55,738	-
Switzerland	2030	-	1,162	-
Australia	N/A	-	-	-
USA	No expiry	-	61	-
Bolivia	N/A	-	-	-

f) Pillar 2

As of September 30, 2023, Pillar 2 does not apply to the Company.

23 Financial instruments and financial risk management

The Company has exposure to the following risks from its use of financial instruments: foreign exchange, liquidity, interest rate, commodity price, and credit risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary.

Foreign exchange risk

The Company reports its consolidated financial statements in USD; however, the Company operates in jurisdictions that utilize other currencies. As a consequence, the financial results of the Company's operations are subject to changes in the value of the USD relative to local currencies. Since the Company's sales are denominated in USD and a portion of the Company's operating costs and capital spending are in local currencies, the Company is negatively impacted by strengthening local currencies relative to the USD and positively impacted by the inverse.

The Company's net income (loss) is affected by the revaluation of its monetary assets and monetary liabilities at each statement of financial position date. The Company has reviewed its monetary assets

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022**

and monetary liabilities and is exposed to foreign exchange risk through financial assets and liabilities, and deferred tax assets and liabilities denominated in currencies other than USD as at September 30, 2023, are shown in the table below.

	Cash and Cash Equivalents	Other Current and Non-Current Assets	Income Taxes Receivable (Payable) and Non-Current	Accounts Payable and Accrued Liabilities and Non-Current Liabilities	Total
Swiss franc	81	149	(1)	(177)	52
Swedish krona	-	-	-	(6)	(6)
Australian dollar	48	-	-	(179)	(131)
Canadian dollar	262	-	-	-	262
Total	391	149	(1)	(362)	177

The Company estimates that a 10% change in the exchange rate of the foreign currencies in which its September 30, 2023 non-USD net monetary liabilities were denominated would result in an immaterial revaluation impact (2022: also immaterial).

Liquidity risk

Liquidity risk arises from our general and capital funding requirements. The Company has planning, budgeting and forecasting processes to help determine its funding requirements to meet various contractual and other obligations. Notes 13 and 14 detail the Company's available credit facilities as at September 30, 2023.

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2023 are as follows:

	Less Than 1 Year	2 - 3 Years	4 - 5 Years	More Than 5 Years	Total
Bolivian financing arrangements	11,200	24,731	-	-	35,931
Historical SIN Surtax payment facility	12,617	25,233	17,873	-	55,723
OP Facility	32,500	-	-	-	32,500
Trafi Facility	17,143	34,286	8,571	-	60,000
Accounts payable and other liabilities	31,481	-	-	-	31,481
Other liabilities	9,226	-	-	-	9,226
Deferred consideration	28,844	50,950	-	14,694	94,488

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Notes to Consolidated Financial Statements

For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022

Interest rate risk

The Company's interest rate risk arises in respect of its holdings of cash and floating rate debt. The Company's interest rate management policy is to borrow at both fixed and floating rates to offset financial risks. Cash has a short term to maturity and earns interest based on market interest rates. A 1% increase in the short-term interest rate at the beginning of the year would not result in a material change in the Company's income (loss) before income taxes (2022: nil).

In February 2023, the Company entered into the \$50,000 OP Facility and the \$60,000 Trafi Facility. The OP Facility incurred a weighted average interest rate of 11.15% during the year ended September 30, 2023 (2022: nil) on amounts drawn, and the Trafi Facility incurred a weighted average interest rate of 12.09% during the year ended September 30, 2023 (2022: nil) on amounts drawn.

Commodity price risk

The Company is subject to price risk from fluctuations in market prices of the commodities that it produces, primarily zinc, lead, and silver. The Company's current strategy is to manage its exposure to fluctuations in commodity prices by fixing pricing at the point of revenue recognition. While the Company's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by final settlement pricing adjustments to receivables, such changes are negligible due to the Company's aforementioned strategy.

A 10% change in the price of zinc, lead and silver, respectively, with other variables unchanged, would change the Company's pre-tax profit attributable to shareholders by \$52,215 (2022: \$nil). There would be no effect on other comprehensive income.

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statements of financial position represent the Company's maximum credit exposure at the consolidated statement of financial position date.

Concentration of credit risk

The Company is exposed to credit risk with respect to uncertainties as to the timing and amount of collectability of trade debtors as well as other receivables. The amounts disclosed in the statement of financial position are net of an allowance for doubtful accounts, estimated by the management of the Company based on previous experience and its assessment of the current economic environment. The Company mitigates credit risk through standard credit and reference.

Credit risk arising from trade receivables is slightly elevated due to Ocean Partners constituting a large portion of the outstanding balance. However there have been no credit write-offs from this debtor as of September 30, 2023. As at September 30, 2023, one customer, individually represented approximately 74% of the trade receivable balance (2022: nil). There were two customers that individually exceeded 10% of the Company's revenue for the year ended September 30, 2023.

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Notes to Consolidated Financial Statements**For the Year Ended September 30, 2023 and For the Period from Incorporation to September 30, 2022***Fair value*

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, settlement accounts receivable, other receivables, deferred consideration, debt and trade and other payables, and the fair value of these instruments, other than debt, approximates their carrying values because of the relative short-term nature of these instruments. The carrying amount of the debt approximates fair value as the interest rates are comparable to current market rates.

Classification of financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at September 30, 2023 and September 30, 2022:

Recurring fair value measurements As at September 30, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Fair value through profit or loss				
Settlement receivables	-	-	20,998	20,998
Total	-	-	20,998	20,998
Financial Liabilities				
Fair value through profit or loss				
Deferred consideration	-	-	78,660	78,660
Total	-	-	78,660	78,660
Recurring fair value measurements As at September 30, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Fair value through profit or loss				
Settlement receivables	-	-	-	-
Total	-	-	-	-
Financial Liabilities				
Fair value through profit or loss				
Deferred consideration	-	-	-	-
Total	-	-	-	-

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

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Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Company calculates fair values based on the following methods of valuation and assumptions:

Settlement receivables/pricing provisions on concentrate sales – the fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices.

Deferred consideration – the fair values are determined through an analysis of the probabilities of each of these events occurring as well as market interest rates for discounting purposes.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, trade and other receivables other than those provisionally priced, and trade and other payables other than those provisionally priced, which are classified as amortized cost.

24 Capital management

The Company's objective when managing its capital is to maintain its ability to continue as a going concern while at the same time maximizing the growth of its business and providing returns to its shareholders. The Company's capital structure consists of shareholders' equity (comprising issued capital plus reserves plus profits, less accumulated other comprehensive income) with a balance of \$172,016 as at September 30, 2023 (2022: \$(735)). The Company manages its capital structure and makes adjustments based on changes to its economic environment and the risk characteristics of the Company's assets. The Company's capital requirements are effectively managed based on the Company having a thorough reporting, planning and forecasting process to help identify the funds required to ensure the Company is able to meet its operating and growth objectives.

The Company is not subject to externally imposed capital requirements other than the financial covenants as outlined in Notes 13 and 14.

25 Commitments

The fair value of contingent consideration potentially owed pursuant to the Transaction is \$31,450 (2022: \$nil) and is payable upon the completion of certain events, including production at the oxide silver project at certain operating parameters, production at the Isidorito project at certain operating parameters, and achievement of certain MSC free cash flow amounts. While the MSC free cash flow contingent consideration is not payable beyond 2026, the remaining contingent amounts are subject to milestones for which relevant timeframes are not currently known. For the purposes of determining fair value, it is assumed that the oxide silver project contingent consideration milestones are achieved in 2026 and 2030, and that the Isidorito project contingent consideration milestone is achieved in 2033. These amounts are also probability-adjusted to represent the current likelihood of occurrence.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. During the year ended September 30, 2023, MSC entered into a contract with Ende Transmisión S.A., a power utility company. As part of the agreement, MSC agreed to provide a

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Notes to Consolidated Financial Statements

For the Year Ended September 30, 2023, and For the Period from Incorporation to September 30, 2022

warranty letter of \$3,200 that would be executed in the event that two invoices remained unpaid. During the year ended September 30, 2023, MSC did not have any unpaid invoices that breached regular trading terms.

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