

**ALORO MINING CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(Expressed in Canadian dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of Aloro Mining Corp.:

## Opinion

We have audited the consolidated financial statements of Aloro Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

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

## Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

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## Other Information

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

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

A handwritten signature in black ink that reads "DMCL." The letters are stylized and connected.

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

April 29, 2024

**ALORO MINING CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 9,923	\$ 18,483
Other receivables (Note 5)	17,493	11,606
	27,416	30,089
<b>NON-CURRENT</b>		
Exploration and evaluation assets (Note 6)	1,502,727	1,543,733
<b>TOTAL ASSETS</b>	<b>\$ 1,530,143</b>	<b>\$ 1,573,822</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 1,487,854	\$ 1,219,293
Related party loans (Note 9)	115,375	160,086
<b>TOTAL LIABILITIES</b>	<b>1,603,229</b>	<b>1,379,379</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 7)	17,479,228	17,362,960
Reserves (Note 8)	2,021,137	2,048,896
Accumulated deficit	(19,573,451)	(19,217,413)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>(73,086)</b>	<b>194,443</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ 1,530,143</b>	<b>\$ 1,573,822</b>

**Nature of operations (Note 1)**  
**Basis of Preparation and Going concern (Note 2)**

*Approved on behalf of the Board:*

“Thomas Doyle”  
Thomas Doyle

“Dave Cross”  
Dave Cross

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

**ALORO MINING CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>OPERATING EXPENSES</b>		
Management and director fees (Note 9)	\$ 216,000	\$ 216,000
Office and general	31,834	30,012
Professional fees (Note 9)	113,754	96,851
	(361,588)	(342,863)
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	(159)	709
Write-off of exploration assets (Note 9)	(14,672)	-
Interest expense (Note 9)	(13,878)	(16,890)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (390,297)</b>	<b>\$ (359,044)</b>
<b>LOSS PER SHARE – BASIC AND DILUTED</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>56,875,016</b>	<b>55,129,263</b>

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

**ALORO MINING CORP.****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****For the years ended December 31, 2023 and 2022**

(Expressed in Canadian dollars)

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	<u>Share Capital</u>				
	<b>Number</b>	<b>Amount</b>	<b>Reserves</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance at December 31, 2021</b>	55,129,263	\$ 17,362,960	\$ 2,048,896	\$ (18,858,369)	\$ 553,487
Net loss for the year	-	-	-	(359,044)	(359,044)
<b>Balance at December 31, 2022</b>	55,129,263	17,362,960	2,048,896	(19,217,413)	194,443
Option forfeiture	-	-	(34,259)	34,259	-
Shares issued on private placement	2,600,000	130,000	-	-	130,000
Shares issued on property	200,000	8,000	-	-	8,000
Shares returned to treasury	(200,000)	-	-	-	-
Share issuance costs - cash	-	(15,232)	-	-	(15,232)
Share issuance costs - agent warrants	-	(6,500)	6,500	-	-
Net loss for the year	-	-	-	(390,297)	(390,297)
<b>Balance at December 31, 2023</b>	57,729,263	\$ 17,479,228	\$ 2,021,137	\$ (19,573,451)	\$ (73,086)

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

**ALORO MINING CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (390,297)	\$ (359,044)
Add back non-cash items:		
Write-off of exploration and evaluation assets	14,672	-
Change in non-cash working capital items:		
Prepaid expenses	-	1,293
Other receivables	(5,887)	(5,465)
Accounts payable and accrued liabilities	268,561	308,813
Net cash used in operating activities	(112,951)	(54,403)
<b>INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation asset	(6,672)	(804)
Option payment received	41,006	41,115
Net cash provided by investing activities	34,334	40,311
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	130,000	-
Share issuance costs	(15,232)	-
Proceeds from related party loans	18,289	14,325
Repayment of related party loans	(63,000)	(20,000)
Net cash provided by (used in) financing activities	77,939	(5,675)
<b>CHANGE IN CASH</b>	<b>(8,560)</b>	<b>(19,767)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>18,483</b>	<b>38,250</b>
<b>CASH, END OF YEAR</b>	<b>\$ 9,923</b>	<b>\$ 18,483</b>
<b>SUPPLEMENT DISCLOSURE WITH RESPECT TO CASH FLOWS</b>		
Cash paid for interest	\$ -	\$ -

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

**NOTE 1. NATURE OF OPERATIONS**

Aloro Mining Corp. (the “Company”) was incorporated on June 7, 2004 in British Columbia, and its business is the acquisition, exploration, and development of its mineral interest in Mexico. The Company is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol AORO.V. The address of the Company’s corporate office and principal place of business is #250 – 750 West Pender St. Vancouver, BC, V6C 2T7.

**NOTE 2. BASIS OF PREPARATION AND GOING CONCERN**

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2024.

b) Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its Mexican subsidiary. The functional currency of each entity is determined using the currency of the primary economic environment in which the entity operates.

c) Basis of consolidation

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The consolidated financial statements include the accounts and results of operations of the Company and its wholly owned subsidiary:

<b>Name of Subsidiary</b>	<b>Principal Activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest</b>
Exploraciones Aloro S.A. de C.V.	Mineral exploration	Mexico	100%

All intercompany balances and transactions were eliminated on consolidation.

d) Going concern

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. At December 31, 2023, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company’s ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

**NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Foreign Currency Translation

The individual financial statements of each entity of the Company are prepared in the currency of the primary economic environment in which the entity operates. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are reinstated at rate prevailing at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not reinstated. Exchange differences are recognized in profit or loss in the period in which they arise.

b) Exploration and Evaluation Asset

Once the legal right to explore has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation expenditures, including general administration and overhead costs are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects for the Company, the exploration and evaluation expenditures, along with the acquisition costs, are deemed to be impaired and written off.

The Company assesses exploration and evaluation assets for impairment when the facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'Mines under construction'.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

When the Company enters into an option agreement on an exploration and evaluation asset where it is the optionor, expenditure made by the optionee on its account is not reflected in the Company's financial statements. Costs previously capitalized in relation to the whole interest are attributed to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized. If the consideration exceeds amounts previously capitalized, any excess is recorded in the statement of comprehensive loss.

c) Impairment of Non-Financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

**NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

d) Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost
Related party loans	Amortized cost

Measurement

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

e) Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

As of December 31, 2023, and 2022, the Company did not have any known rehabilitation obligations.

**NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

f) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using the tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets.

g) Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if-converted” method. Diluted amounts are not presented when the effects of the computation are anti-dilutive.

h) Share Capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company’s common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares issued as consideration for goods or services provided to those other than employees or others providing similar services are measured at the fair value of the goods or services received, except when the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instrument granted.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a “unit”) and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

**NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

j) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon exercise, equity instruments reflected in reserves is reallocated to share capital, adjusted for any consideration paid.

Where options are cancelled during the period when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

**Accounting standards issued but not yet effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

**NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Significant judgements

The most significant judgments in applying the Company's accounting policies in these consolidated financial statements are:

a) Determination of functional currency

The Company determines the functional currency through its analysis of several indicators such as expenses and cash flow, financing activities, and frequency of transactions with the reporting entity.

b) Going concern

The Company's assessment of its ability to continue as a going concern (note 2) requires an assessment of events and conditions that may indicate a material uncertainty exists.

c) Existence of indicators of impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither

**ALORO MINING CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

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budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered from the successful development or by sale.

Significant estimates

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include:

a) Recoverability and measurement of deferred tax assets

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

**NOTE 5. OTHER RECEIVABLES**

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
Sales tax receivable	\$	17,493	\$	11,606
<b>Total</b>	<b>\$</b>	<b>14,493</b>	<b>\$</b>	<b>11,606</b>

**ALORO MINING CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022  
(Expressed in Canadian dollars)

**NOTE 6. EXPLORATION AND EVALUATION ASSETS**

	<b>Quitovac</b>	<b>Los Venados</b>
<b>Acquisition cost:</b>		
<b>Balance, December 31, 2021</b>	<b>\$ 9,336</b>	<b>\$ 9,336</b>
Option payment received	(9,336)	(9,336)
<b>Balance, December 31, 2022</b>	<b>-</b>	<b>-</b>
Shares issued	8,000	-
Write-off	(8,000)	-
<b>Balance, December 31, 2023</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Exploration and evaluation costs:</b>		
<b>Balance, December 31, 2021</b>	<b>\$ -</b>	<b>\$ 1,574,708</b>
Consulting fees	-	804
Option payment received	-	(31,779)
<b>Balance, December 31, 2022</b>	<b>-</b>	<b>1,543,733</b>
Environmental	6,672	-
Option payment received	-	(41,006)
Write-off	(6,672)	-
<b>Balance, December 31, 2023</b>	<b>\$ -</b>	<b>\$ 1,502,727</b>
<b>Total:</b>		
<b>Balance, December 31, 2022</b>	<b>\$ -</b>	<b>\$ 1,543,733</b>
<b>Balance, December 31, 2023</b>	<b>\$ -</b>	<b>\$ 1,502,727</b>

**Los Venados, Sonora Mexico**

Pursuant to an Option Agreement entered into on November 28, 2016 with Minera Gavilan, S.A. de C.V. (the “Optionor”) and Almadex Minerals Limited (“Almadex”), during the year ended December 31, 2021, the Company completed the acquisition of a 100% right and title interest in the Los Venados 1 mineral concession located in Sonora State, Mexico having paid an aggregate of \$50,000, the issuance of 2,000,000 common shares and having drilled 1,000 meters as part of the minimum required project expenditures of a minimum (incurred USD\$605,000). Alamos Gold Inc (“Alamos”) also paid \$80,000 (see below). The Company’s Mexican subsidiary, Exploraciones Aloro, S.A. de C.V. (Exploraciones), transferred the claim #244241 title to Exploraciones name. The Company also acquired additional land through staking. The combined property is referred to as the Los Venados Project.

The Los Venados 1 mineral concession is subject to a 2% net smelter returns royalty (the “NSR Royalty”) with respect to production of all precious metals. The NSR Royalty will be payable following commencement of commercial production. The property is also subject to a further 2% NSR royalty to the Underlying Optionor which may be purchased for \$1,000,000.

The Company is required to make a \$500,000 bonus payment to the optionor when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified on the Los Venados 1 mineral concession.

On October 19, 2020, the Company entered into two option agreements, subsequently amended (collectively the “Farm-Out Agreement”), whereby Alamos, through its wholly-owned subsidiary, Minas de Oro Nacional, S.A. de C.V.A. (“MON”), may acquire a 70% interest in the Los Venados Project by making the following payments:

- i) USD \$50,000 upon entry into the Mexican Agreement (received);
- ii) USD \$125,000 on or before 1st anniversary (received);
- iii) USD \$150,000 on or before October 19, 2025 with a minimum USD \$30,000 payment per year (USD \$30,000 received during the both the years ended December 31, 2022 and 2023); and

- iv) incur an aggregate of USD \$5,000,000 in exploration expenditures on or before October 19, 2025 and maintain the yearly mineral taxes.

**NOTE 6. EXPLORATION AND EVALUATION ASSET (Continued)**

In addition, prior to fiscal 2022, Alamos paid \$80,000 + VAT to the underlying optionor to match the Company's commitments (see above).

The Farm-Out Agreement is subject to a 2% net smelter return royalty in favor of the Company, of which 1% can be repurchased by MON for USD \$1,500,000.

Once Alamos has acquired 70% of the Los Venados Project, MON and Exploraciones have agreed to share additional exploration and development costs pro rata based on their interests in the project. Should either party decide not to contribute their interest will be diluted pro rata using a formula based on total expenditures.

Through the Farm-Out Agreement, MON became the operator of the Los Venados exploration and conducts the exploration programs on the Los Venados Project until a participation level is attained.

**Quitovac Gold Mine Project, Sonora, Mexico**

On January 31, 2023, the Company entered into an option agreement to acquire a 100% interest in the Quitovac Gold Mine Project in Sonora, Mexico. During the year ended December 31, 2023, the Company issued 200,000 common shares, valued at \$8,000, as consideration of the mineral property acquisition.

During the year ended December 31, 2023, 200,000 shares were returned to treasury and the Company wrote off \$14,672 of exploration and evaluation assets as it decided not to continue with the option.

**NOTE 7. SHARE CAPITAL**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

During the year ended December 31, 2023, the Company:

- i) issued 2,600,000 units for gross proceeds of \$130,000. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.15 per warrant until May 9, 2025. The Company paid finders fees of \$7,350 in cash and issued 147,000 broker warrants.
- ii) issued 200,000 shares with a fair value of \$8,000 pursuant to the acquisition of Quitovac Gold Mine Project (Note 6). During the same period, the shares were returned to treasury.

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**NOTE 8. RESERVES**

Stock options

On November 20, 2006, the Company's Board of Directors approved the adoption of a "rolling" stock incentive plan (the "Plan") in accordance with the policies of the TSX-V. The Board of Directors is authorized to grant options under the Plan to directors, officers, consultants or employees to acquire up to a maximum of 10% of the issued and outstanding common shares at the time an option is granted. The exercise prices of options granted shall not be less than the Discounted Market Price, as defined in Exchange Policy 2.4, and the exercise period shall not exceed 5 years from the date the option is granted. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the recipient is a consultant or employed in an investor relations capacity.

The following table summarizes the changes in stock options:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2021 and December 31, 2022	400,000	\$ 0.10
Forfeited	(400,000)	0.10
Outstanding, December 31, 2023	-	\$ -

As at December 31, 2023, the weighted average remaining contractual life of the options outstanding is Nil years (2022 – 0.35 years).

Warrants

During the year ended December 31, 2023, the Company issued 147,000 broker's warrants valued at \$6,500. The warrants are valued using the Black-Scholes Option Pricing Model with the following assumptions: an expected life of one year; risk-free interest rate of 3.80%; a forfeiture rate of 0%; dividend yield of 0%; and volatility of 206.82%.

The following table summarizes the changes in warrants:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2022	-	\$ -
Issued	2,747,000	0.14
Outstanding, December 31, 2023	2,747,000	\$ 0.14

**NOTE 9. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is summarized as follows:

	2023	2022
Management fees	\$ 180,000	\$ 180,000
Accounting fees	60,000	60,000
Directors' fees	36,000	36,000
<b>Total</b>	<b>\$ 276,000</b>	<b>\$ 276,000</b>

**NOTE 9. RELATED PARTY TRANSACTIONS (Continued)**

During the year ended December 31, 2023, management fees accrued to a company controlled by the Chief Executive Officer was \$180,000 (2022 - \$180,000). Directors' fees accrued to directors was \$36,000 (2022 - \$36,000). Accounting fees of \$60,000 (2022 - \$60,000) accrued to a partnership in which the CFO has an ownership interest.

*Related party balances*

At December 31, 2023, \$1,421,616 (2022 - \$1,095,991) was due to related parties and is included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and due on demand.

At December 31, 2023, the Company had outstanding loans due to the Chief Executive Officer, former Chief Financial Officer and a Director of the Company for \$75,653, \$24,507 and \$15,215, respectively (2022 - \$120,364, \$24,507 and \$15,215). The loans bear interest at 10% per annum, are unsecured and are due on demand. At December 31, 2023, accrued interest related to the outstanding loans was \$72,198 (2022 - \$58,321) and was included in accounts payable and accrued liabilities.

**NOTE 10. FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risk and assessed the impact and likelihood of this exposure. These risks include market risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of interest rate risk, foreign currency risk and commodity price risk.

a) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at December 31, 2023, the Company is not exposed to any significant interest rate risk.

b) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk as it has operations in Mexico and it incurs certain expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company has net financial assets of approximately \$5,114 (2022 - \$17,768) that are denominated in Mexican pesos.

If the Mexican peso had changed against the Canadian dollar by 10% at year end, the Company's net loss and comprehensive loss after taxes would change by approximately \$511 (2022 - \$1,777), resulting from the translation of the Mexican peso denominated financial instruments.

**NOTE 10. FINANCIAL INSTRUMENTS (Continued)**

b) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2023, the Company is not exposed to any significant credit risk.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. As at December 31, 2023, the Company has not yet generated revenue to cover operating expenditures. The Company also has a significant amount of current liabilities. The Company will require additional financing to fund its on-going operations and currently has no resources from which to repay its outstanding obligations. There can be no certainty of the Company's ability to raise additional financing in a timely manner. Consequently, the Company is significantly exposed to liquidity risk.

As at December 31, 2023, the Company had cash of \$9,923 to settle current liabilities of \$1,603,229, thus will require additional financing to meet its short-term financial obligations.

*Fair value*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and

Level 3 – Inputs that are not based on observable market data.

The Company determined that the carrying value of cash, other receivables, accounts payable and related party loans approximate their fair value because of the relatively short periods to maturity of these instruments and their low credit risk.

The carry value of the lease liability is measured at the present value of the discounted future cash flows.

**NOTE 11. CAPITAL DISCLOSURE**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' deficiency as capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach during the year ended December 31, 2023.

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**NOTE 12. INCOME TAXES**

A reconciliation of income recovery at statutory rates with the reported recovery is as follows:

	<b>2023</b>	<b>2022</b>
Loss before income taxes	\$ (390,297)	\$ (359,044)
Tax recovery based on statutory rate of 27%	(108,317)	(97,303)
Impact of different foreign statutory tax rates on earnings of subsidiaries	12,849	1,582
Adjustment to prior years provision versus statutory tax returns	76	76
Change in unrecognized deferred income tax assets	100,165	86,787
Other	(4,773)	8,295
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

Details of the deferred tax assets and liabilities are as follows:

	<b>2023</b>	<b>2022</b>
Non-capital losses	\$ 1,591,775	\$ 1,496,686
Property	8,774	8,774
Share issuance costs	5,076	-
Unrecognized deferred tax assets	(1,605,625)	(1,505,459)
<b>Net deferred income tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

As of December 31, 2023, the Company has non-capital losses in the amount of \$1,591,775 (2022 - \$1,496,686) available to offset future taxable income, expiring beginning 2026 to 2043 (2022 – 2026 to 2042). The ability to utilize these carryforwards depends on generating sufficient taxable profits prior to the expiration dates.