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**Condensed Interim Consolidated Financial Statements**

**Minsud Resources Corp.**

**For the Three and Nine Months Ended September 30, 2024 and 2023**

(All amounts in Canadian Dollars unless otherwise noted)

**Unaudited**

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**NOTICE TO READER**

The accompanying condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

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# Minsud Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Periods Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Expenses</b>				
General and administrative	\$ 27,335	\$ 28,427	\$ 85,882	\$ 105,414
Marketing and communications	1,120	1,124	11,578	17,096
Professional and regulatory fees (note 10)	165,767	149,551	554,533	502,845
Share-based payments (note 9)	383,075	1,145,199	1,626,857	3,390,994
Taxes on ownership of subsidiary	6,250	12,500	25,000	47,960
Hyperinflation - monetary loss	-	872,981	489,840	2,247,741
Interest income	(36)	(1,576)	(768)	(7,028)
Gain on disposition of property and equipment	-	(17,414)	-	(17,414)
Expense recoveries (note 13)	-	-	(1,096,647)	-
<b>Net Income (Loss) for the Period Before the Undernoted</b>	<b>(583,511)</b>	<b>(2,190,792)</b>	<b>(1,696,275)</b>	<b>(6,287,608)</b>
<b>Gain on disposition of controlling interest of MSA (note 5)</b>	<b>-</b>	<b>-</b>	<b>8,577,404</b>	<b>-</b>
<b>Share of income (loss) of MSA (note 5)</b>	<b>4,268,785</b>	<b>-</b>	<b>1,601,521</b>	<b>-</b>
<b>Net Income (Loss) for the Period</b>	<b>3,685,274</b>	<b>(2,190,792)</b>	<b>8,482,650</b>	<b>(6,287,608)</b>
<b>Other Comprehensive Income (Loss)</b>				
Items that may be reclassified to profit and loss:				
Currency translation adjustment	-	466,609	1,850,379	1,014,506
Share of MSA currency translation adjustment (note 5)	(3,025,744)	-	(2,040,701)	-
<b>Comprehensive Income (Loss) for the Period</b>	<b>\$ 659,530</b>	<b>\$1,724,183</b>	<b>\$8,292,328</b>	<b>\$5,273,102</b>
<b>Net Income (Loss) per Share - basic</b>	<b>\$ 0.02</b>	<b>\$ (0.01)</b>	<b>\$ 0.05</b>	<b>\$ (0.04)</b>
<b>Net Income (Loss) per Share - diluted</b>	<b>\$ 0.02</b>	<b>\$ (0.01)</b>	<b>\$ 0.05</b>	<b>\$ (0.04)</b>
<b>Weighted Average Number of Common Shares Outstanding-basic</b>	<b>164,948,515</b>	<b>163,890,694</b>	<b>164,665,117</b>	<b>163,890,694</b>
<b>Weighted Average Number of Common Shares Outstanding-diluted</b>	<b>178,224,515</b>	<b>163,890,694</b>	<b>177,941,117</b>	<b>163,890,694</b>
<b>Net Income (Loss) for the Period Attributable to:</b>				
<b>Non-controlling interest</b>	<b>\$ -</b>	<b>\$ (3,469)</b>	<b>\$ (2,134)</b>	<b>\$ (9,355)</b>
<b>Equity shareholders of the Company</b>	<b>3,685,274</b>	<b>(2,187,323)</b>	<b>8,484,784</b>	<b>(6,278,253)</b>
	<b>\$ 3,685,274</b>	<b>\$ (2,190,792)</b>	<b>\$ 8,482,650</b>	<b>\$ (6,287,608)</b>
<b>Comprehensive Income (Loss) for the Period Attributable to:</b>				
<b>Non-controlling interest</b>	<b>\$ -</b>	<b>\$ (21,004)</b>	<b>\$ (20,061)</b>	<b>\$ (52,291)</b>
<b>Equity shareholders of the Company</b>	<b>659,530</b>	<b>(1,703,179)</b>	<b>8,312,389</b>	<b>(5,220,811)</b>
	<b>\$ 659,530</b>	<b>\$ (1,724,183)</b>	<b>\$ 8,292,328</b>	<b>\$ (5,273,102)</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Minsud Resources Corp.

Condensed Interim Consolidated Statements of Financial Position as at September 30, 2024

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	September 30, 2024	December 31, 2023 (Audited)
<b>Assets</b>		
<b>Non-Current Assets</b>		
Mineral properties (notes 7 and 13)	\$ -	\$ 27,375,612
Property and equipment (note 6)	-	391,571
Investment in MSA (note 5)	13,532,820	-
	<u>13,532,820</u>	<u>27,767,183</u>
<b>Current Assets</b>		
Cash and cash equivalents	928,543	3,476,405
Prepaid expenses and deposits	7,615	94,085
Input tax credits receivable	35,374	370,017
	<u>971,532</u>	<u>3,940,507</u>
	<u>\$ 14,504,352</u>	<u>\$ 31,707,690</u>
<b>Shareholders' Equity</b>		
Issued capital (note 8)	19,400,242	19,388,155
Share-based payment reserve (note 9)	12,841,789	11,232,606
Cumulative translation reserve	(2,040,701)	(1,262,220)
Deficit	<u>(15,915,310)</u>	<u>(24,400,094)</u>
Equity attributable to shareholders of the Company	14,286,020	4,958,447
Non-controlling interest (note 2(b))	-	14,474
	<u>14,286,020</u>	<u>4,972,921</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 10)	188,479	2,482,157
Other liabilities	29,853	395,520
Deferred exploration recovery (note 13)	-	23,857,092
	<u>218,332</u>	<u>26,734,769</u>
	<u>\$ 14,504,352</u>	<u>\$ 31,707,690</u>

**Business of the Company** (note 1)

**Going Concern** (note 2(c))

**Commitments** (note 12)

**South 32 Limited Agreement** (note 13)

**Subsequent Events** (note 14)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

Signed "Alberto F. Orcoyen", Director

Signed "Paul Andersen", Director

# Minsud Resources Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Share-based Payment Reserve	Cumulative Translation Reserve	Deficit	Non- Controlling Interest	Total Equity
Balance at January 1, 2024	164,090,694	\$ 19,388,155	\$11,232,606	\$ (1,262,220)	\$ (24,400,094)	\$ 14,474	\$ 4,972,921
Income (Loss) for the period attributable to shareholders of the Company	-	-	-	-	8,484,784	-	8,484,784
Loss for the period attributable to non-controlling interests	-	-	-	-	-	(2,134)	(2,134)
Other comprehensive income for the period	-	-	-	(172,395)	-	(17,927)	(190,322)
	164,090,694	19,388,155	11,232,606	(1,434,615)	(15,915,310)	(5,587)	13,265,249
Exercise of stock options (note 8)	67,821	17,674	(17,674)	-	-	-	-
Share-based payments (note 9)	-	-	1,626,857	-	-	-	1,626,857
Common shares issued to acquire remaining 0.37% interest of MSA (notes 2 and 8)	790,000	19,685	-	-	-	(19,685)	-
Effects of change in non-controlling interest (note 2(b))	-	(25,272)	-	(606,086)	-	25,272	(606,086)
Balance at September 30, 2024	164,948,515	\$ 19,400,242	\$12,841,789	\$ (2,040,701)	\$ (15,915,310)	\$ -	\$ 14,286,020

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Minsud Resources Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Share-based Payment Reserve	Cumulative Translation Reserve	Deficit	Non- Controlling Interest	Total Equity
Balance at January 1, 2023	163,890,694	\$ 19,328,842	\$ 6,121,122	\$ (524,973)	\$(14,512,178)	\$ 33,868	\$ 10,446,681
Loss for the period attributable to shareholders of the Company	-	-	-	-	(6,278,253)	-	(6,278,253)
Loss for the period attributable to non-controlling interests	-	-	-	-	-	(9,355)	(9,355)
Other comprehensive income for the period	-	-	-	1,053,688	-	(39,182)	1,014,506
	163,890,694	19,328,842	6,121,122	528,715	(20,790,431)	(14,669)	5,173,579
Share-based payments (note 9)	-	-	3,390,994	-	-	-	3,390,994
Effects of change in non-controlling interest (note 2(b))	-	(46,537)	-	3,754	-	42,783	-
Balance at September 30, 2023	163,890,694	\$ 19,282,305	\$ 9,512,116	\$ 532,469	\$(20,790,431)	\$ 28,114	\$ 8,564,573

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Minsud Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the Periods Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Cash Provided By (Used In):</b>				
<b>Operating Activities</b>				
Net income (loss) for the period	\$ 3,685,274	\$ (2,190,792)	\$ 8,482,650	\$ (6,287,608)
Items not affecting cash flows from operating activities:				
Hyperinflation - monetary loss	-	872,981	489,840	2,247,741
Gain on disposition of property and equipment	-	(17,414)	-	(17,414)
Items not affecting cash:				
Share-based payments (note 9)	383,075	1,145,199	1,626,857	3,390,994
Share of loss (gain) of MSA (note 5)	(4,268,785)	-	(1,601,521)	-
Gain on loss of control of MSA (note 5)	-	-	(8,577,404)	-
	(200,436)	(190,026)	420,422	(666,287)
Net changes in non-cash working capital:				
Input tax credits receivable	(6,640)	-	(4,691)	-
Prepaid expenses and deposits	5,516	5,031	(5,701)	(5,121)
Accounts payable and accrued liabilities	4,718	55,728	(1,494,155)	26,327
Other receivables	-	(3,417)	-	(18,239)
	(196,842)	(132,684)	(1,084,125)	(663,320)
<b>Investing Activities</b>				
Mineral property expenditures	-	(3,991,630)	(1,893,767)	(9,992,737)
Purchase of property and equipment (note 5)	-	(19,333)	(63,779)	(322,937)
Proceeds from deferred exploration recovery (note 12)	-	2,133,686	2,024,587	9,310,988
Cash of MSA derecognized on loss of control	-	-	(1,530,778)	-
Proceeds of disposition of property and equipment	-	17,414	-	17,414
Trust acquisition payments	-	-	-	(66,988)
	-	(1,859,863)	(1,463,737)	(1,054,260)
<b>Change in Cash and Cash Equivalents</b>	(196,842)	(1,992,547)	(2,547,862)	(1,717,580)
<b>Cash and Cash Equivalents - Beginning of Period</b>	1,125,385	3,131,805	3,476,405	2,856,838
<b>Cash and Cash Equivalents - End of Period</b>	\$ 928,543	\$ 1,139,258	\$ 928,543	\$ 1,139,258
<b>Cash and cash equivalents is comprised of:</b>				
Cash	\$ 918,543	\$ 1,139,258	\$ 918,543	\$ 1,139,258
Cash equivalents	10,000	-	10,000	-
Total	\$ 928,543	\$ 1,139,258	\$ 928,543	\$ 1,139,258
<b>Supplemental Cash Flow Information</b>				
Interest received	\$ 36	\$ 1,576	\$ 768	\$ 7,028

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

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## 1. Business of the Company

Minsud Resources Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on October 11, 2007 and is a publicly listed company on the TSX Venture Exchange under the symbol "MSR". The registered office is located at 340 Richmond Street West, Toronto Ontario. The principal place of business is located at 340 Richmond Street West, Toronto, Ontario, M5V 1X2.

The Company is in the process of exploring its mineral resource properties located in Argentina. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties and generate future profitable operations or proceeds of disposition from these properties.

## 2. Basis of Presentation and Going Concern

### a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting." These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, which were prepared with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2023, with the exceptions noted in note 3, and were approved by the Board of Directors of the Company on November 28, 2024.

### b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Minsud Argentina Inc ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA") from January 1, 2024 until close of the transaction with South32 on April 5, 2024, which resulted in MAI's interest in MSA being reduced to 49.9% (see note 13).

MAI acquired 10,309,400 of the 10,852,000 outstanding common shares of MSA at May 10, 2011, representing a 95% ownership interest in MSA. The Company entered into a put and call option agreement with respect to the remaining 542,600 shares of MSA (representing 5% of the total number of issued and outstanding shares of MSA) which includes an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allowed the remaining 542,600 shares of MSA to be exchanged for 790,000 common shares of the Company at the option of either party. On April 4, 2024, the Company exercised the put and call option and issued 790,000 common shares of the Company in exchange for the remaining 542,600 shares of MSA.

As at September 30, 2024, MAI held 145,494,299 (December 31, 2023 - 144,951,699) of the 291,571,799 (December 31, 2023 - 145,494,299) outstanding common shares of MSA, representing an ownership interest of 49.90% (December 31, 2023 - 99.63%). As at December 31, 2023, the 542,600 shares of MSA not owned by MAI represented a non-controlling interest of 0.37%.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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## 2. Basis of Presentation and Going Concern (continued)

### b) Basis of Consolidation (continued)

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that ownership of a majority of voting rights results in control. To support this presumption, and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangement(s); and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Company's accounting policies. All inter-company assets and liabilities, equity, income, expenses and cash flows relating to intercompany transactions are eliminated in full on consolidation.

When it has been determined that the Company has lost control of an investee, the Company derecognizes the asset and liabilities of the investee at their carrying amounts, derecognizes any non-controlling interest, reclassifies to profit or loss or transfers directly to retained earnings, any amounts included in OCI, recognizes any investment retained in the investee at fair value, and recognizes any resulting gain or loss within profit or loss.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

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## 2. Basis of Presentation and Going Concern (continued)

### c) Going Concern

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the nine months ended September 30, 2024, the Company incurred net income of \$8,482,650 (2023 - net loss of \$6,287,608) and as of that date, the Company's deficit was \$15,915,310 (December 31, 2023 - \$24,400,094). As at September 30, 2024, the Company has current assets of \$971,532 (December 31, 2023 - \$3,940,507) and current liabilities of \$218,332 (December 31, 2023 - \$26,734,769). The Company has working capital of \$753,200 as at September 30, 2024 (December 31, 2023 - working capital deficit of \$22,794,262).

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long-term working capital requirements.

The above noted events and conditions give rise to a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not give effect to adjustments that may 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 at liquidation values could be material to these condensed interim consolidated financial statements.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

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## 3. Material Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended December 31, 2023 with the exception of the items noted below.

### Investments in Equity- Accounted Investees

The Company defines an associate as an entity over which it has significant influence, but not control or joint control, over the financial and operating policies. Following the issuance of a 50.1% ownership interest of MSA to South32 in connection with the Earn-in Agreement discussed in note 12, the Company was deemed to have lost control of MSA, but still retained significant influence due to its remaining 49.9% ownership interest of MSA as well as maintaining a presence on the Board of Directors of MSA. As the Company has significant influence over MSA, the Company has accounted for its investment in MSA using the equity method following the loss of control of MSA. Following recognition of the investment in MSA at fair value as discussed in note 2(b), the carrying value of the Company's investment in MSA is increased or decreased at the end of each reporting period to recognize the Company's share of the profit or loss of MSA. The Company's share of the profit or loss and OCI of MSA is recognized in the statement of loss and comprehensive loss of the Company. In the event that any distributions are received from MSA, the Company's carrying value of the investment in MSA will be reduced by the amount of the distribution. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in MSA arising from changes in MSA's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Company's share of those changes is recognised in the Company's other comprehensive income

## 4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management.

The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and the most critical management judgments in applying accounting policies.

### Estimates

#### *i) Share-based payments*

The estimate of share-based payment and the fair value of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options and expected extinguishments. The model used by the Company is the Black-Scholes option pricing model. Changes in the subjective input assumptions, such as the expected price volatility, can materially affect the fair value estimate.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

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## 4. Significant Accounting Judgments, Estimates and Assumptions (continued)

### Critical Judgments

#### *i) Impairment of mineral properties*

Mineral properties are tested for impairment when facts or circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company determines the recoverable amount of the mineral property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

#### *ii) Functional currency of foreign subsidiaries*

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

#### *iii) Hyper-inflationary accounting*

The Company has designated Argentina as a hyper-inflationary economy and has therefore employed the use of the hyper-inflationary accounting to consolidate and report MSA. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgments, such as an assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyperinflationary accounting requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in estimates may significantly impact the carrying value of nonmonetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the other comprehensive income.

# Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2024 and 2023

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

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## 4. Significant Accounting Judgments, Estimates and Assumptions (continued)

### Critical Judgments (continued)

#### *iv) Deferred exploration recoveries*

Management considered the facts and circumstances surrounding the receipt of deferred exploration recoveries (note 12), in determining that it represents a liability to the Company. The payment represents a portion of the funding that will form the consideration for South32 Aluminium (Holdings) Pty Ltd's ("South32") investment in MSA, should South32 exercise its right to acquire a 50.1% direct interest in MSA. In management's view, as the Company continues to operate the Chita Valley Project, this payment for the future sale of a controlling interest in MSA was considered to be a present obligation of the Company as at December 31, 2023.

#### *v) Significant influence*

Upon the loss of control of MSA, management determined the Company has significant influence as it pertains to its investment in MSA. The Company continues to own 49.9% of MSA, and is a party to a shareholder agreement that allows the Company to nominate two of five Directors.

#### *vi) Fair value of investment of MSA*

Upon the loss of control of MSA, management determined the Company has significant influence as it pertains to its investment in MSA. As such, the Company will account for its investment in MSA using the equity method which requires the Company to recognize its investment in MSA at fair value upon loss of control. The fair value of the Company's investment in MSA has been based on an agreement between the two arm's length parties. As MSA is a private company the Company's determination of fair value requires significant judgement.

## 5. Investment in MSA

Upon the issuance of a 50.1% ownership interest in MSA to South32 on April 5, 2024, the Company no longer controlled MSA and, as such, ceased consolidating MSA with the accounts of the Company. On April 5, 2024, the Company and South32 entered into a Shareholders' Agreement with respect to the operation and governance of MSA. In addition to retaining a 49.9% ownership in MSA, the Company has the ability to nominate two of the five directors of MSA, with both factors being indicators of the Company having significant influence over MSA. As the Company has significant influence over MSA, the Company has accounted for its investment in MSA using the equity method. The Company has recorded its initial investment in MSA at the time of its loss of control at its fair value of \$13,972,000. Movement in the Company's investment in MSA for the period ended September 30, 2024 is as follows:

	<u>2024</u>
Carrying value - January 1, 2024	\$ -
Recognition of investment in MSA at fair value	13,972,000
Share of net income (loss)	1,601,521
Share of other comprehensive income (loss)	<u>(2,040,701)</u>
Capital - September 30, 2024	<u>\$ 13,532,820</u>

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## 5. Investment in MSA (continued)

Presented below is summarized financial information of MSA for the period from April 5, 2024 to September 30, 2024.

	<b>September 30, 2024</b>
Cash and cash equivalents	\$ 2,162,974
Other current assets	1,855,989
Total current assets	<u>4,018,963</u>
Non-current assets	59,210,213
Current liabilities	7,396,114
Non-current liabilities	-
Net assets (liabilities)	<u><u>\$ 55,833,062</u></u>
Net income (loss)	\$ 3,209,460
Other comprehensive income (loss)	<u>(4,089,581)</u>
Net income (loss) and comprehensive income (loss)	<u><u>\$ (880,121)</u></u>

Upon measuring the Company's retained investment in MSA upon its loss of control, the Company recognized a gain of \$8,577,404.

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## 6. Property and Equipment

As at September 30, 2024	Vehicles	Office Equipment	Facilities	Other	Total
<b>Cost</b>					
Balance, beginning of period	\$ 221,257	\$ 225,323	\$ 110,143	\$ 10,798	\$ 567,521
Additions	63,779	-	-	-	63,779
Currency translation adjustments	(6,844)	(6,970)	(3,407)	(319)	(17,540)
Effects of hyperinflation	124,489	118,655	58,000	5,438	306,582
Derecognition upon loss of control of MSA <sup>(1)</sup>	(402,681)	(337,008)	(164,736)	(15,917)	(920,342)
<b>Balance, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>					
Balance, beginning of period	(75,017)	(84,188)	(15,057)	(1,688)	(175,950)
Depreciation	(17,765)	(17,018)	(3,844)	(789)	(39,416)
Currency translation adjustments	2,680	2,962	547	69	6,258
Effects of hyperinflation	(39,254)	(44,333)	(7,927)	(890)	(92,404)
Derecognition upon loss of control of MSA <sup>(1)</sup>	129,356	142,577	26,281	3,298	301,512
<b>Balance, end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount as at September 30, 2024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Depreciation expense has been capitalized to mineral properties.

<sup>(1)</sup> Upon loss of control of MSA, the Company derecognized the cost and accumulated depreciation of MSA's property and equipment.

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## 6. Property and Equipment (continued)

As at September 30, 2023

	Vehicles	Office Equipment	Facilities	Other	Total
<b>Cost</b>					
Balance, beginning of period	\$ 237,861	\$ 255,312	\$ 149,660	\$ 1,989	\$ 644,822
Additions	221,886	71,663	17,599	11,789	322,937
Disposals	(88,967)	-	-	-	(88,967)
Currency translation adjustments	(212,375)	(175,932)	(98,584)	(3,431)	(490,322)
Effects of hyperinflation	202,269	189,771	101,817	4,628	498,485
<b>Balance, end of period</b>	<b>360,674</b>	<b>340,814</b>	<b>170,492</b>	<b>14,975</b>	<b>886,955</b>
<b>Accumulated depreciation</b>					
Balance, beginning of period	(115,601)	(64,330)	(8,275)	(378)	(188,584)
Depreciation	(44,456)	(51,373)	(11,957)	(1,570)	(109,356)
Disposals	98,446	-	-	-	98,446
Currency translation adjustments	73,266	54,445	8,555	596	136,862
Effects of hyperinflation	(78,194)	(51,817)	(7,734)	(462)	(138,207)
<b>Balance, end of period</b>	<b>(66,539)</b>	<b>(113,075)</b>	<b>(19,411)</b>	<b>(1,814)</b>	<b>(200,839)</b>
<b>Net carrying amount as at September 30, 2023</b>	<b>\$ 294,135</b>	<b>\$ 227,739</b>	<b>\$ 151,081</b>	<b>\$ 13,161</b>	<b>\$ 686,116</b>

Depreciation expense has been capitalized to mineral properties.

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## 7. Mineral Properties

As at September 30, 2024	San Juan Province Chita Valley			Other	Total
	Chita	Brechas Vacas	Minas de Pinto		
Balance, beginning of period	\$ 15,794,414	\$ 7,753,825	\$ 3,827,373	\$ -	\$ 27,375,612
Exploration activities <sup>(1)</sup>	2,101,229	482,412	37,446	-	2,621,087
Currency translation adjustments	(505,672)	(242,231)	(114,605)	-	(862,508)
Effects of hyperinflation	8,115,810	4,010,589	1,942,226	-	14,068,625
Derecognized upon loss of control of MSA <sup>(2)</sup>	(25,505,781)	(12,004,595)	(5,692,440)	-	(43,202,816)
<b>Balance, end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As at September 30, 2023	San Juan Province Chita Valley			Other	Total
	Chita	Brechas Vacas	Minas de Pinto		
Balance, beginning of period	\$ 14,906,432	\$ 8,366,134	\$ 3,764,402	\$ 13,324	\$ 27,050,292
Property rights/exploration agreements	-	-	63,339	-	63,339
Exploration activities <sup>(1)</sup>	6,012,929	1,714,796	431,169	-	8,158,894
Currency translation adjustments	(10,522,986)	(5,595,905)	(2,331,907)	(8,190)	(18,458,988)
Effects of hyperinflation	10,891,600	5,828,857	2,444,106	8,608	19,173,171
<b>Balance, end of period</b>	<b>\$ 21,287,975</b>	<b>\$ 10,313,882</b>	<b>\$ 4,371,109</b>	<b>\$ 13,742</b>	<b>\$ 35,986,708</b>

<sup>(1)</sup>Amounts recorded as exploration activities include fees paid for drilling, construction of roads and labour and technical fees.

<sup>(2)</sup>Upon loss of control of MSA, the Company derecognized the carrying value of all capitalized mineral property expenditures.

### Chita Property

On September 28, 2006, the Company, through MSA, entered into an Exploration Agreement (the "Chita Agreement") including a Purchase Option to purchase a 100% ownership interest in the mining properties pursuant to certain terms and conditions, with the owners of the mining properties identified as Proyecto Chita in the Chita Valley, in the Province of San Juan, Argentina. The Chita Property includes the Chita I, II, III, IV, V and VI mining concessions, as well as the Romina, Lucrecia and Mabel mining concessions.

On August 3, 2012, the Company exercised its Purchase Option to acquire a 100% interest in the Chita Property in exchange for a series of cash payments totaling US\$420,000. On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company and registered by the Ministry of Mines in San Juan Province.

On September 12, 2017, the Company made the final payment pursuant to the Purchase Option resulting in a 100% ownership interest in the Chita Property.

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## 7. Mineral Properties (continued)

### Chita Property (continued)

On July 14, 2022, the Company announced an agreement with San Juan Mining S.A. to acquire a mineral property named "Mina Gabriela" located in the central area of the Chita property, in San Juan Province, Argentina. Under the terms of the Transfer Agreement, Minsud acquired 100% of Mina Gabriela's rights for a cash purchase price of US\$30,000 (\$39,414). The "Mina Gabriela" property has an area of 30 hectares which is within and overlapping the Chita property.

### Brechas Vacas Property

On September 7, 2007, MSA entered into an exploration agreement including a purchase option (the "Initial Brechas Vacas Agreement") with the owners of the mining properties (the "Brechas Vacas owners") identified as Proyecto Brechas Vacas, located in the Chita Valley, in the Province of San Juan, Argentina (the "Brechas Vacas property"). In addition to the exploration rights, the Brechas Vacas owners granted to MSA, an irrevocable and exclusive option to purchase a 50% ownership interest in the property.

On September 6, 2011, MSA exercised its option to purchase a 50% ownership interest in the Brechas Vacas property for consideration of US\$210,000. Subsequent to exercising this option, the ownership of the Brechas Vacas property was transferred by the Brechas Vacas owners to the Brechas Vacas Trust and MSA simultaneously acquired a 50% beneficial interest in the Brechas Vacas Trust. The remaining 50% beneficial interest in the Brechas Vacas Trust held by the Brechas Vacas owners was subject to a new exclusive and irrevocable purchase option agreement (the "BV Option Agreement") dated January 3, 2012 granted in favour of MSA, and amended on December 19, 2013, June 24, 2016 and June 24, 2019. The option under the BV Option Agreement can be exercised by MSA at any time on or before June 26, 2022 and provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust in exchange for a cash payment of US\$735,000 in addition to the exclusive right to evaluate, prospect and explore the Brechas Vacas property.

On October 7, 2021, the Company, through MSA, has exercised its option to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust, and has become the indirect owner of 100% of the Brechas Vacas property. The Brechas Vacas property represents one of the main properties in the Company's flagship Chita Valley Project. MSA has paid the required sum of US\$735,000 to the Brechas Vacas owners representing the price to fully exercise the option, which was settled in Argentinean pesos.

The Brechas Vacas owners will retain a 0.6% Net Smelter Return ("NSR") royalty on the Brechas Vacas property with the Company having the option to purchase 0.3% of the 0.6% NSR royalty, at any time, for a one-time payment of US\$400,000.

As at December 31, 2021, the Company had made aggregate cash payments totaling US\$1,925,000 (\$2,300,752) and also issued 629,000 common shares of the Company.

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## 7. Mineral Properties (continued)

### Minas de Pinto Property

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Initial Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located in the Chita Valley in the Province of San Juan, Argentina. Included in Proyecto Minas de Pinto are the Arqueros, Don Marcos, Estrellita, Paulita, Paulita II, Pierina II, Pierina III, San Pablo, and San Urbano mining concessions.

Pursuant to the Minas de Pinto Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option to purchase a 100% ownership interest in the properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement. The Company made aggregate payments of US\$252,500 by the respective due dates in accordance with the Minas de Pinto Agreement.

On April 22, 2014, the Minas de Pinto Owners settled the Minas de Pinto Trust and transferred 100% of the mineral properties governed by the Minas de Pinto agreement to the Minas de Pinto Trust. The Company acquired a 50% interest in the Minas de Pinto Trust for total consideration of US\$417,500 with the first payment due upon signing and the final payment due May 7, 2018.

The remaining 50% beneficial interest in the Minas de Pinto Trust held by the Minas de Pinto Owners was subject to a new exclusive and irrevocable purchase option agreement (the "Option") granted in favour of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Minas de Pinto Trust in addition to the exclusive right to evaluate, prospect and explore the Minas de Pinto properties for consideration of US\$1,335,000 payable at any time on or before May 7, 2019.

On May 8, 2017, the Company and the Minas de Pinto Owners signed an addendum to extend the period in which the Company can acquire the remaining 50% beneficial interest by exercising the Option prior to November 7, 2020. The addendum modified the payment schedule and increased the total amount to be paid to US\$417,500.

On May 4, 2020, upon exercise of the Option discussed above, MSA entered into a Transfer Agreement, pursuant to which MSA acquired an additional 15% interest in the Minas de Pinto Trust in exchange for aggregate cash payments of US\$400,000, payable in eight semi-annual payments of US\$50,000 starting on May 7, 2020 until November 7, 2023. Furthermore, the parties entered into a second addendum to the Option, which would allow MSA to purchase the remaining 35% interest in the Minas de Pinto Trust by paying US\$935,000 on or before April 7, 2024.

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## 7. Mineral Properties (continued)

### Minas de Pinto Property (continued)

The following table summarizes the payments made and outstanding related to the Minas de Pinto property:

	\$US	Status
Initial Exploration Agreement	\$ 252,500	Paid
Minas de Pinto Trust- 50% interest	417,500	Paid
Minas de Pinto Trust- 15% interest <sup>(1)</sup>	400,000	Paid
Minas de Pinto Trust- 35% interest	935,000	Paid
Total Payments	<u>\$ 2,005,000</u>	
<b>Minas de Pinto Trust (Outstanding)</b>	<u>\$ -</u>	

<sup>(1)</sup> The aggregate payments of US\$400,000 represents the consideration to be paid to acquire the additional 15% interest in the Minas de Pinto Trust.

During the year ended December 31, 2023, the Company completed the payments related to the acquisition of the 15% beneficial interest in the Minas de Pinto Trust. Furthermore, on November 15, 2023, MSA exercised the option to purchase the remaining 35% beneficial interest in the Minas de Pinto Trust and made the corresponding payment of US\$935,000, following which it became the indirect owner of a 100% interest in the Minas de Pinto property through its 100% beneficial interest in the Minas de Pinto Trust. Upon acquisition of the 100% beneficial interest in the Minas de Pinto Trust, the Trust was dissolved and the properties were transferred to MSA, resulting in direct ownership of the properties by MSA.

### Trust Agreement with Landowners

On December 5, 2022, the Company signed a "Trust Agreement" with landowners in the Chita Valley Project, which includes the Chita Property, the Brachas Vacas Property, and the Minas de Pinto Property. The Trust Agreement grants the purchase option of the property for a cash payment of US\$1,500,000 (the "Purchase Price") during a term of 15 years, which can be paid at any time during the life of the Trust Agreement. The Purchase Price turns into an obligation if an "Acceleration Event" occurs, such as a confirmation by the Ministry of Mining of the Province of San Juan approving the feasibility study of the Chita Valley Project. To maintain the purchase option in good standing, the Company must comply with the following staggered payment (the "Maintenance Payments"): from year one to year five, annual payments of US\$20,000; from year six to year ten, annual payments of US\$40,000; and from year eleven to year fifteen, annual payments of US\$100,000. The Maintenance Payments are in addition to the Purchase Price and are required until the Company's satisfaction of the Purchase Price. After the end of each five-year tranche, the Company must demonstrate a minimum annual investment of US\$1,000,000 under the "Mineral Properties" asset, as disclosed in its annual consolidated financial statements.

### La Rosita Property

On January 15, 2024, the Company signed an agreement to transfer MSA's ownership of the properties constituting the La Rosita project to an arm's length acquirer. In exchange for the transfer, MAI will receive a 2.5% net smelter royalty ("NSR") on the La Rosita project. The acquirer has the option to acquire 50% of the NSR for US\$1,500,000.

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## 8. Issued Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

On April 4, 2024, the Company issued 790,000 common shares in exchange for the remaining 542,600 shares of MSA pursuant to the Company's exercise of the put and call option discussed in note 2(b).

On February 5, 2024, the Company issued 67,821 common shares to a former officer pursuant to the cashless exercise of 100,000 stock options.

During the year ended December 31, 2023, the Company issued 200,000 common shares for gross proceeds of \$63,750 pursuant to the exercise of stock options.

## 9. Stock Option Plan

On November 29, 2011 a new form of stock option plan (the "2011 Plan") was approved by the shareholders at the annual and special meeting of shareholders held that day. The 2011 Plan is a rolling stock option plan. Options to purchase up to 10% of the total number of Company's shares issued and outstanding at the date of any grant are issuable pursuant to the 2011 Plan. The 2011 Plan is a rolling plan as the number of options which may be granted pursuant to the 2011 Plan will increase as the number of the Company's shares, which are issued and outstanding, increases. If an option expires or is otherwise terminated for any reason, the number of the Company's shares in respect of that expired or terminated option shall again be available for the purposes of the 2011 Plan. Pursuant to the policies of the Exchange, the shareholders of the Company are required to approve, on a yearly basis, stock option plans which have a rolling plan ceiling. Options issued under the 2011 Plan are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The 2011 Plan is administered by the Company's board of directors (the "Board of Directors") or a committee established by the Board of Directors for that purpose (the "Committee"). The 2011 Plan may be amended, subject to applicable regulatory and shareholder approval, or terminated by the Board of Directors or the Committee at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any option outstanding when the 2011 Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the 2011 Plan. The 2011 Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option at the discretion of the Board of Directors or the Committee, provided that, if required by any stock exchange on which the shares of the Company trades, options issued to consultants which provide investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. All option grants are to be evidenced by the execution of an option agreement between the Company and the optionee which shall give effect to the provisions of the 2011 Plan. Options may be granted under the 2011 Plan only to directors, officers, employees and other service providers of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Company's shares may be listed or may trade from time to time.

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## 9. Stock Option Plan (continued)

The aggregate number of the Company's shares which may be reserved for issuance to any one individual under the 2011 Plan within any 12 month period shall not exceed 5% of the Company's shares issued and outstanding at the date of the grant (on a non-diluted basis). Further, the aggregate number of the Company's shares which may be reserved for issuance under the 2011 Plan: (a) to any consultant to the Company shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis) and (b) to all employees or consultants who provide investor relations activities shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis). In the event an optionee ceases to be a service provider or employee of the Company (other than by reason of death), the vested stock options will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant and one year following the date of termination. In the event of death of an optionee, all options will be automatically exercisable by the personal representatives of the optionee within, but only within, the period of one year next succeeding the optionee's death and prior to the expiry date of the option, whichever is sooner. The price at which an optionee may purchase a Company's share upon the exercise of an option will be as set forth in the option agreement executed in respect of such option and, in any event, will not be less than the market price of the Company's shares as of the date of the grant of the stock option (the "Grant Date") less any discounts from the market price allowed by the Exchange, subject to a minimum exercise price of \$0.10. The market price of the Company's shares means the closing price on the last trading day immediately preceding the Grant Date. The Company's shares will not be issued pursuant to options granted under the 2011 Plan until they have been fully paid for.

During the year ended December 31, 2023, the Company amended its stock option plan to allow for option holders to exercise options on a "Net Exercise" basis. Net Exercise is a method of option exercise under which the option holder does not make any payments to the issuer for the exercise of their options and receives on exercise a number of shares equal to the intrinsic value (current market price less the exercise price) of the option valued at the current market price. Under TSX Venture Policy 4.4, the current market price must be the 5-day volume weighted average trading price prior to option exercise. Net Exercise may not be utilized by persons performing investor relations services.

### i) Movements in stock options during the period:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance - January 1, 2023	4,876,000	\$ 0.23
Options granted	8,050,000	0.59
Options exercised <sup>(1)</sup>	(200,000)	(0.33)
Balance - December 31, 2023	12,726,000	0.45
Options granted	650,000	0.80
Options exercised <sup>(2)</sup>	(100,000)	(0.30)
Balance - September 30, 2024	13,276,000	\$ 0.47

<sup>(1)</sup> The market price of the Company's shares on the date the options were exercised during the year ended December 31, 2023 was \$0.75 per share.

<sup>(2)</sup> The market price of the Company's shares on the date the options were exercised during the period ended September 30, 2024 was \$1.04 per share.

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## 9. Stock Option Plan (continued)

During the period ended September 30, 2024:

- a) The Company granted 650,000 incentive stock options to certain directors of the Company. The stock options are exercisable at price of \$0.80 per share, all of which shall vest one-quarter on June 5, 2024, one-quarter on December 5, 2024, one-quarter on June 5, 2025, and one-quarter on December 5, 2025, and shall be exercisable for a period of five years from the date of issuance.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.07%
Expected life	5.0 years
Expected volatility	238%
Share price	\$1.00
Exercise price	\$0.80

The fair value of the granted stock options of \$645,813 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the nine months ended September 30, 2024, was \$350,902 (2023 - \$Nil).

During the year ended December 31, 2023:

- b) The Company granted 2,450,000 incentive stock options to certain directors, officers and employees of the Company. The stock options are exercisable at price of \$0.30 per share, all of which shall vest one-quarter on January 9, 2023, one-quarter on June 9, 2023, one-quarter on January 9, 2024, and one-quarter on June 9, 2024, and shall be exercisable for a period of five years from the date of issuance.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.22%
Expected life	5.0 years
Expected volatility	235%
Share price	\$0.38
Exercise price	\$0.30

The fair value of the granted stock options of \$924,489 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the nine months ended September 30, 2024, was \$77,674 (2023 - \$846,829).

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## 9. Stock Option Plan (continued)

- c) The Company granted an aggregate of 100,000 incentive stock options to certain directors of the Company. The options are exercisable at a price of \$0.375 per share and shall vest immediately. The options have a term of five years.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.09%
Expected life	5.0 years
Expected volatility	230%
Share price	\$0.650
Exercise price	\$0.375

The fair value of the granted stock options of \$64,535 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the nine months ended September 30, 2024 was \$Nil (2023 - \$).

- d) The Company granted an aggregate of 5,300,000 incentive stock options, out of which an aggregate of 4,000,000 options were granted to certain directors and the Company's CEO. The options are exercisable at a price of \$0.696 per share and shall vest as follows: one-quarter on May 11, 2023, one-quarter on November 11, 2023, one-quarter on May 11, 2024 and one-quarter on November 11, 2024. The options have a term of five years.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.94%
Expected life	5.0 years
Expected volatility	230%
Share price	\$1.00
Exercise price	\$0.696

The fair value of the granted stock options of \$5,258,000 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the nine months ended September 30, 2024 was \$1,128,992 (2023 - \$4,028,858).

# Minsud Resources Corp.

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## 9. Stock Option Plan (continued)

- e) The Company granted an aggregate of 200,000 incentive stock options to consultants of the Company. The options are exercisable at a price of \$0.872 per share and shall vest as follows: one-quarter on August 4, 2023, one-quarter on February 4, 2024, one-quarter on August 4, 2024 and one-quarter on February 4, 2025. The options have a term of five years.

The fair value of these options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.87%
Expected life	5.0 years
Expected volatility	232%
Share price	\$1.09
Exercise price	\$0.872

The fair value of the granted stock options of \$216,298 was estimated using the Black-Scholes option pricing model as the fair value of the services received could not be reliably measured. The fair value of the vested stock options during the nine months ended September 30, 2024 was \$69,288 (2023 - \$134,532).

- ii) Stock options outstanding at the end of the period:

<b>Exercise Price</b>	<b>Options Vested</b>	<b>Options Unvested</b>	<b>Remaining Contractual Life (Years)</b>	<b>Expiry Date</b>
\$ 0.10	1,400,000	-	0.79	July 16, 2025
\$ 0.15	416,000	-	1.37	February 12, 2026
\$ 0.30	2,810,000	-	2.37	February 12, 2026
\$ 0.30	2,450,000	-	3.28	January 9, 2028
\$ 0.38	50,000	-	3.58	April 27, 2028
\$ 0.70	3,975,000	1,325,000	3.62	May 11, 2028
\$ 0.87	150,000	50,000	3.85	August 4, 2028
\$ 0.80	162,500	487,500	4.68	June 5, 2029
	<u>11,413,500</u>	<u>1,862,500</u>	<u>2.98</u>	

As at September 30, 2024, 3,218,851 stock options are available for issuance at the discretion of the Company's Board of Directors pursuant to the Company's stock option plan.

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## 10. Related Party Transactions and Balances

During the period ended September 30, 2024, the Company incurred the following related party transactions:

### i) Transactions

- a) Total salaries and fees of \$120,679 (2023 - \$210,883) was charged by the Company's former CEO. These amounts have been expensed to professional fees.
- b) A total of \$31,500 of accounting and regulatory compliance fees (2023 - \$39,083) and \$18,000 of CFO fees (2023 - \$18,000) was charged by a company in which the Company's CFO is an officer. These amounts have been expensed to professional fees.
- c) A total of \$35,211 of professional fees (2023 - \$31,343) and \$Nil (2023 - \$2,742) of mineral property exploration expenses were charged by the Company's former Vice-President (Exploration). Prior to the loss of control of MSA, these amounts have been capitalized to mineral properties. Following the loss of control, these amounts have been expensed as professional fees.
- d) A company providing the services of Vice-President (Exploration) to the Company charged fees of \$24,062 (2023 - \$Nil) and other consulting fees of \$19,627 (2023 - \$Nil).

### ii) Period-end balances

- a) As at September 30, 2024, accounts payable and accrued liabilities included \$Nil (December 31, 2023 - \$88,610) payable to the Company's current CEO.
- b) As at September 30, 2024, accounts payable and accrued liabilities included \$25,710 (December 31, 2023 - \$14,390) payable to a company in which the Company's CFO is an officer.
- c) As at September 30, 2024, accounts payable and accrued liabilities included \$32,896 (December 31, 2023 - \$Nil) payable to a company providing the services of Vice-President (Exploration) to the Company.

Amounts owing to related parties are non-interest bearing and have no repayment terms.

# Minsud Resources Corp.

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## 11. Financial Instruments

### Fair Values

The carrying amounts for the Company's cash and cash equivalents, accounts payable and accrued liabilities, other liabilities, and trust acquisition payable approximate their fair values because of the short-term nature or immaterial interest rate risk of/for these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations and cause a financial loss. The Company is not exposed to any significant credit risk as at September 30, 2024. The Company's maximum exposure is limited to its cash as presented in the consolidated statements of financial position. The Company's cash and cash equivalents are on deposit with highly rated financial institutions in Canada and Argentina. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

### Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company has current assets of \$971,532 (December 31, 2023 - \$3,940,507) and current liabilities of \$218,332 (December 31, 2023 - \$26,734,769). The Company has working capital as at September 30, 2024 of \$753,200 (December 31, 2023 - working capital deficit of \$22,794,262). All of the Company's current financial assets and liabilities, with the exception of the current portion of trust acquisition payable, have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk is comprised of price risk, foreign currency risk and interest rate risk. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns. In order to mitigate these risks, the Company invests in financial instruments with carrying maturities and interest rates based on the Company's expected working capital requirements. The Company's market risk consists of risks from changes in foreign exchange rates, interest rates and market prices that affect its financial liabilities, financial assets and future transactions. The Company is not exposed to material price risk on its financial instruments.

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## 11. Financial Instruments (continued)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company has significant cash balances and it has no interest-bearing debt. The Company's exposure to interest rate risk is minimal as it does not hold any investments or debt that is subject to interest rate fluctuations. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows from the Company's operations will fluctuate due to changes in foreign exchange rates. The Company has cash and cash equivalents and accounts payable and accrued liabilities denominated in Argentinean Pesos (AR\$). The carrying value of these items may change due to fluctuations in foreign exchange rates. The Company's obligations pursuant to the various mineral property agreements are denominated in United States Dollars (US\$). As the Company ordinarily raises capital through the issuance of common shares and warrants in Canadian Dollars, the Company is exposed to risk due to fluctuations in the foreign exchange rate between the United States Dollar and the Canadian Dollar and between the Argentinean Peso and the United States Dollar. The Company's exposure to and management of foreign currency risk has not changed materially from that of the prior year.

### Sensitivity Analysis

As at September 30, 2024 cash and cash equivalents includes US\$674,335 and accounts payable and accrued liabilities includes US\$26,039.

At September 30, 2024, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been \$87,513 lower (higher).

## 12. Commitments

On April 27, 2023, the Company entered into a service agreement with a Vice-President (Exploration) for a monthly fee of US\$4,000. The service agreement will remain in full force and effect indefinitely. The service agreement can be terminated by either party by giving the other party thirty (30) days written notice or by a mutual agreement between the parties. On July 15, 2024 During the period ended September 30, 2024, the Vice-President (Exploration) resigned.

On November 17, 2023, the Company entered into a service agreement for various administrative and regulatory tasks with a consultant for a monthly fee of US\$3,500. The service agreement has a term of twelve months but can be terminated by either party by giving the other party sixty (60) days written notice or by a mutual agreement between the parties.

On July 10, 2024, the Company entered into a services agreement with a consultant for the position of Vice-President (Exploration) for a monthly fee of US\$8,000 for a term of three months. Either party can terminate the agreement without consequence by giving 15 days advance notice to the other party. On October 1, 2024, this agreement was renewed for another three month period ending December 31, 2024.

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## 13. South32 Limited Agreement

On November 1, 2019, the Company, MAI, and MSA, signed an earn-in agreement (the "Earn-in Agreement") with South32 Aluminium (Holdings) Pty Ltd ("South32"), a wholly-owned subsidiary of South32 Limited, to explore the Chita Valley Project, located in the San Juan Province, Argentina (the "Project"). The Company, MAI, MSA and South32 are together referred to as the "parties".

South32 Limited is a globally diversified mining and metals company producing bauxite, alumina, aluminum, energy and metallurgical coal, manganese, nickel, silver, lead and zinc at its operations in Australia, Southern Africa and South America.

### Earn-in Agreement

The Earn-in Agreement grants to South32 the right to acquire up to a 50.1% direct interest in MSA at the end of the earn-in period.

Under the Earn-in Agreement, South32 was to provide up to \$14 million in capital contributions to MSA over a period of 4 years, as follows: (i) not less than \$3.5 million by December 31, 2020; (ii) not less than an aggregate of \$7 million by December 31, 2021; (iii) not less than an aggregate of \$10.5 million by December 31, 2022; and (iv) not less than an aggregate of \$14 million by December 31, 2023. South32 had the right to withdraw at the end of each year. Once South32 has complied with its funding obligations, South32 may exercise its right to acquire a 50.1% direct interest in MSA by electing to subscribe for 10% of MSA's shares, in consideration for its funding, and acquire the remaining 40.1% of MSA's shares from MAI for a consideration of \$14 million.

In accordance with the terms of the Earn-In Agreement, as amended between South32 and Minsud, South32 had the right to exercise its Earn-In Right upon advancing initial capital contributions to MSA of no less than C\$14 million (the "South32 Initial Capital Contribution") for a period of four years in order to fund MSA's exploration programs. South32 advanced the South32 Initial Capital Contribution within a period of three years and on April 13, 2023, in accordance with the Earn-In Agreement, exercised its Earn-In Right to acquire 50.1% of MSA.

As part of the exercise of the Earn-In Right the parties to the Earn-In Agreement have agreed to certain amendments to the Earn-In Agreement and the Shareholders' Agreement. One such amendment (the "Cash In Option") allows the Company to elect for South32's acquisition of the 50.1% stake in MSA to be effected by way of a subscription for shares of MSA in consideration for South32's Initial Capital Contribution. Pursuant to the Cash In Option, MAI will not be obliged to contribute any amount to an approved program and budget until the aggregate of the South32 Initial Capital Contribution and the amounts contributed and funded by South32 in respect of MSA approved programs and budgets following the South32 Initial Capital Contribution equals C\$42 million.

On November 24, 2023, the Company exercised its Cash-In Option (and the acquisition of 50.1% ownership interest in MSA was expected to be completed on the earlier of (i) the completion of the Year 4 annual exploration program; and (ii) February 14, 2024. (the "Completion"). The date of Completion was deferred to April 5, 2024 as agreed upon by the parties.

# Minsud Resources Corp.

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## 13. South32 Limited Agreement (continued)

### Earn-in Agreement (continued)

As at September 30, 2024, South32 had invested a total of \$38,046,665 (US\$28,561,024) (December 31, 2023 - \$26,069,236 (US\$19,790,310)) to the Earn-in Agreement. These payments were deferred as a liability and represents a portion of the funding that will form the consideration for South32's investment in MSA.

On April 5, 2024, South32 was issued a 50.1% interest in MSA in consideration for its previously funded capital contributions to MSA of \$27,000,000 pursuant to the Earn-in Agreement. At the same time, South32 and MAI entered into a shareholders' agreement to govern the management and operation of MSA which will include further exploration and, if economically feasible, the development and exploitation of the Chita Valley Project. MAI will not be obligated to contribute any amount to an approved program and budget for the Chita Valley Project until the later of (i) the date on which the aggregate of the South32 Initial Capital Contribution and future amounts contributed and funded by South32 in respect of MSA approved programs and budgets equals \$42,000,000 and (ii) April 5, 2026.

During the period ended September 30, 2024, the Company recognized expense recoveries of \$1,096,647 related to payments made by South32 pursuant to the Earn-in Agreement to cover certain operational expenses of the Company. These amounts had been recorded as deferred exploration recoveries in the statement of financial position in prior periods.

## 14. Subsequent Events

- i) A subsequent event is disclosed in note 12.