



Condensed Interim Consolidated Financial Statements of
Resouro Strategic Metals Inc.
(formerly Resouro Gold Inc.)

For the three and six months ended September 30, 2024 and September 30, 2023
(Expressed in Canadian Dollars)

Unaudited condensed interim consolidated financial statements

In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these condensed interim consolidated financial statements for the three and six months ended September 30, 2024 and September 30, 2023.

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at,	Notes	September 30, 2024	March 31, 2024
ASSETS			
Current assets			
Cash		\$ 4,318,843	\$ 1,921,272
Prepaid expenses		25,323	23,010
Interest receivable		20,000	-
Accounts receivable		8,088	29,193
		4,372,255	1,973,475
Non-current assets			
Right-of-use asset	8	22,326	36,740
Property and equipment	5	202,041	194,787
Exploration and evaluation assets	6	5,640,340	5,640,340
		5,864,707	5,871,867
TOTAL ASSETS		10,236,962	7,845,342
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	275,810	938,708
Due to related party	13	88,480	98,685
Lease obligation - current portion	9	18,892	32,857
		383,183	1,070,250
Non-current liabilities			
Lease obligation - non-current portion	9	2,162	2,351
TOTAL LIABILITY		385,345	1,072,601
SHAREHOLDERS' EQUITY			
Share capital	11	19,403,205	12,985,642
Warrants	11	464,274	464,274
Contributed surplus	11	3,359,704	2,842,375
Foreign currency translation reserve		32,087	32,087
Deficit attributable to shareholders		(13,506,783)	(9,805,476)
Equity attributable to shareholders		9,752,487	6,518,902
Non-controlling interest	12	258,518	258,518
Deficit attributable to non-controlling interest		(159,387)	(4,680)
Total equity		9,851,618	6,772,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 10,236,962	\$ 7,845,342
Going Concern	1		

Approved by the Board of Directors on November 12, 2024

"Christopher Eager"
CEO and Director

"Philippe Martins"
Director

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

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	For the three months ended		For the six months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
General and administrative					
Management fees		\$ 355,028	\$ 112,269	\$ 768,281	\$ 183,506
Professional fees		507,736	387,127	963,272	515,482
Sustainability and climate	6	22,968	-	22,968	-
Office and administrative expenses		28,173	24,039	40,133	40,294
Share-based compensation	10	31,677	82,113	113,900	384,029
Travel and related expenses		53,068	15,466	179,935	46,909
Depreciation	4	6,155	408	11,853	821
Accretion of right-of-use obligation	8	630	-	2,160	-
Depreciation of right-of-use asset	7	4,946	-	14,625	-
Foreign exchange loss (gain)		(2,856)	56,050	(78,838)	60,533
Exploration and evaluation expenditures	5	917,764	7,671	1,909,330	8,388
		1,925,291	685,143	3,947,620	1,239,962
Other items					
Interest income		(72,374)	(1,939)	(91,606)	(1,939)
Penalty relief		-	(21,576)	-	(21,576)
Net loss		1,852,917	661,628	3,856,014	1,216,447
Net loss attributable to					
Common shareholders		1,792,224	661,628	3,701,307	1,216,447
Non-controlling interest	11	60,693	-	154,707	-
Attributable net loss		1,852,917	661,628	3,856,014	1,216,447
Total comprehensive loss attributable to					
Common shareholders		1,792,224	661,628	3,701,307	1,216,447
Non-controlling interest	11	60,693	-	154,707	-
Attributable comprehensive loss		\$1,852,917	\$ 661,628	\$3,856,014	\$1,216,447
Net loss per share - basic and diluted					
		\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Weighted average shares outstanding basic and diluted					
		92,332,192	62,687,295	85,753,503	54,149,574

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

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)

		For the six months ended	
	Notes	September 30,	
		2024	2023
Cash flow used in operating activities			
Loss for the period		\$ (3,856,014)	\$ (1,216,447)
Items not affecting cash:			
Share-based compensation	11	113,900	384,029
Depreciation	5	11,853	821
Foreign exchange		(48,353)	60,533
Accretion of right-of-use obligation	9	2,160	-
Depreciation of right-of-use asset	8	14,625	-
Net change in non-cash working capital balances:			
Accounts receivable		21,105	26,432
Interest receivable		(20,000)	-
Prepaid expenses		(2,313)	(8,761)
Due from related parties		(10,205)	(642,859)
Accounts payable and accrued liabilities		(662,898)	(537,233)
Cash flow used in operating activities		(4,436,140)	(1,933,485)
Cash flow provided by financing activities			
Related party financing	13	-	(1,679)
Repayment of office lease	8	(16,378)	-
Private placement, net share issue costs	11	6,820,993	5,037,696
Cash flow provided by financing activities		6,804,615	5,036,017
Cash flow used in investing activities			
Property and equipment	5	(13,410)	(2,158)
Cash flow used in investing activities		(13,410)	(2,158)
Foreign exchange impact		42,506	-
Net change in cash		2,355,065	3,100,374
Cash at beginning of the period		1,921,272	6,759
Cash at the end of the period		\$ 4,318,843	\$ 3,107,133

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

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Condensed Interim Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital		Warrants	Contributed surplus	Non-controlling interest	Other comprehensive income	Accumulated deficit	Total equity
	Number of shares	Amount						
Balance at March 31, 2023	43,974,956	\$ 5,770,329	\$ 359,707	\$ -	\$ -	\$32,087	\$ (6,109,783)	\$ 52,340
Shares issued in private placements (Note 11)	30,565,236	6,743,000	-	-	-	-	-	6,743,000
Shares issued as compensation (Note 6)	1,642,000	870,260	-	-	-	-	-	870,260
Shares issuance costs (Note 11)	-	(413,380)	-	-	-	-	-	(413,380)
Agent shares (Note 11)	-	120,000	-	-	-	-	-	120,000
Agent warrants (Note 11)	-	(104,567)	104,567	-	-	-	-	-
Share based compensation (Note 11)	-	-	-	1,385,975	-	-	-	1,385,975
Acquisition compensation issued (Note 6)	-	-	-	1,456,400	-	-	-	1,456,400
Non-controlling interest (Note 12)	-	-	-	-	258,518	-	-	258,518
Loss for the year attributable to shareholders	-	-	-	-	(4,680)	-	(3,695,693)	(3,700,373)
Balance at March 31, 2024	76,182,192	\$ 12,985,642	\$ 464,274	\$ 2,842,375	\$ 253,838	\$32,087	\$ (9,805,476)	\$ 6,772,740
Shares issued in private placements (Note 11)	16,000,000	7,300,420	-	-	-	-	-	7,300,420
Shares issuance costs (Note 11)	-	(933,772)	-	-	-	-	-	(933,772)
Agent options (Note 11)	-	-	-	428,094	-	-	-	428,094
Stock options exercised (Note 11)	150,000	50,915	-	(24,665)	-	-	-	26,250
Share based compensation (Note 11)	-	-	-	113,900	-	-	-	113,900
Non-controlling interest (Note 12)	-	-	-	-	(154,707)	-	-	(154,707)
Loss for the year attributable to shareholders	-	-	-	-	-	-	(3,701,307)	(3,701,307)
Balance at September 30, 2024	92,332,192	\$ 19,403,205	\$ 464,274	\$ 3,359,704	\$ 99,131	\$32,087	\$(13,506,783)	\$ 9,851,618

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Resouro Strategic Metals Inc. (“**the Company**” or “**Resouro**”), formerly Resouro Gold Inc., was incorporated on August 4, 1992 under the laws of British Columbia, Canada. The Company’s head office and registered is Suite 250 997 Seymour Street, Vancouver, British Columbia, Canada V6B 3M1. The Company’s shares are listed on the Australian Securities Exchange (the “**ASX**”) under the symbol “**RAU**”, the TSX Venture Exchange (the “**TSX.V**”) under the symbol “**RSM**”, the Over-the-Counter pink sheet US exchange (the “**OTC**”) under the symbol “**RSGOF**” and the Frankfurt Stock Exchange (the “**FSE**”) under the symbol “**8TX**”.

The Company has four subsidiaries. Ison Mining Pte Ltd. (“**ISON**”) is owned by Resouro. ISON was incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of ISON do Brasil Mineração Ltda (“**ISON do Brasil**”), a company incorporated under the laws of Brazil. Tiros Stratmet Pte Ltd (“**TSPS**”) is 100% owned by Resouro. TSPS was incorporated under the laws of Singapore. TSPS owns 90% of the outstanding shares of Tiros Minerais Estrategicos Mineração Ltda (“**TMEL**”), a company incorporated under the laws of Brazil. A third party holds a 10% non-controlling interest (“**NCI**”) over the Tiros project assets through its 10% ownership of TMEL.

The Company changed its fiscal year end to March 31st effective May 15, 2022, upon the completion of the Company’s reverse takeover transaction (“**RTO**”) (Noe 4). The change in the fiscal year end to March 31st was made in order to streamline the Company’s financial reporting.

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

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these condensed interim consolidated financial statements, the Company has not achieved profitable operations and has accumulated losses since inception. The Company had a working capital surplus of \$3,989,072 (March 31, 2024 \$900,874) and an accumulated deficit attributable to shareholders of \$13,506,783 (March 31, 2024 \$9,805,476) for the six months ended September 30, 2024. The Company has incurred a loss from operations of \$3,856,014 for the six months ended September 30, 2024 (September 30, 2023 \$1,216,447).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended March 31, 2024. Details outlining the Company’s accounting policies are contained in the notes to the financial statements for the year ended March 31, 2024.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”) effective for the reporting period. There are no new IFRS and/or IFRIC pronouncements currently in effect that would have a material effect on the Company.

These condensed interim consolidated financial statements for the six months ended September 30, 2024, were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended March 31, 2024.

Basis of presentation and measurement

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

Basis of consolidation

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

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company has four subsidiaries. ISON is 100% owned by Resouro. ISON was incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of TMEL, a company incorporated under the laws of Brazil. TSPS is 100% owned by Resouro. TSPS was incorporated under the laws of Singapore. TSPS owns 90% of the outstanding shares of TMEL, a company incorporated under the laws of Brazil. A third party owns a 10% NCI of the Tiros project assets through its 10% ownership of TMEL.

Subsidiaries are deconsolidated from the date control ceases. The interest of non-controlling shareholders in the acquiree are initially measured at the non-controlling shareholders’ proportionate share of the acquiree’s identifiable net assets (after any relevant fair value adjustments to the assets, liabilities and contingent liabilities recognised as part of the business combination). Changes in the Company’s ownership interests that do not result in a loss of control are accounted for as equity transactions with the existing shareholder.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity. The non-controlling interests’ share of losses, where applicable, is attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and reporting currency of Resouro and its subsidiaries. Below is a list of ownership percentages and functional currencies of Resouro’s subsidiaries:

3. BASIS OF PRESENTATION (*Continued*)

Entity Name	Functional Currency	Ownership Percentage
Ison Mining Pte Ltd. (“ ISON ”)	Canadian Dollar	100%
Ison Do Brasil Mineração (“ ISON do Brasil ”)	Canadian Dollar	100%
Tiros Stratmet Pte Ltd (“ TSPS ”)	Canadian Dollar	100%
Tiros Mineraiis Estrategicos Mineração Ltda (“ TMEL ”)	Canadian Dollar	90% (10% NCI)

Non-controlling interest

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of shareholders’ equity (deficiency). Changes in the Company’s ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interest share of changes in equity since the date of acquisition. The Company owns 90% of the Tiros property assets held by its subsidiary, TMEL. These consolidated financial statements include 100% of the assets and liabilities related to TMEL and include a non-controlling interest representing 10% of TMEL.

Financial instruments

Financial assets

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

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

Derecognition of financial assets

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

Impairment of financial assets

An expected credit loss (“**ECL**”) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had

3. BASIS OF PRESENTATION *(Continued)*

the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

Financial liabilities

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

Derecognition of financial liabilities

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement date, right-of-use assets are measured at cost, where cost comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments, discounted using the lessee's incremental borrowing rate applied to the lease liabilities. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of leased asset. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

Critical accounting judgments and estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments

3. BASIS OF PRESENTATION (*Continued*)

made by management in preparing the financial statements are described below. The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

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

Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Canadian dollar was determined to be the functional currency for all entities within the corporate group on a prospective basis. All entities continue to measure the items in their financial statements using their functional currencies.

Mineral properties under exploration

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

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management has applied judgment in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Given the judgment involved, actual results may lead to a materially different outcome.

Estimates

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

Share-based payments and warrant valuations

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

4. REVERSE ACQUISITION BY ISON

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

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

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

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

The purchase price allocation was as follow:

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

The Company completed a concurrent non-brokered private placement of 7,288,127 units at a price of \$0.35 per unit for gross cash proceeds of \$2,550,844 (Note 11). Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Notes to the Consolidated Financial Statements
For the six months ended September 30, 2024 and September 30, 2023
(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION BY ISON (Continued)

date of issuance, subject to an acceleration clause. A value of \$383,257 was assigned to the warrants using the Black-Scholes model calculation (Note 11). In addition, \$23,550 of share issue costs were assigned to warrants for a net warrant value of \$359,707 (Note 11). Total share issue costs of \$182,567 were incurred.

5. PROPERTY AND EQUIPMENT

	Asset	Depreciation	Net Book Value
Computer & software			
Opening balance at March 31, 2023	\$ 1,730	\$ (409)	\$ 1,321
Additions	48,825	(1,088)	47,737
Balance at March 31, 2024	50,555	(1,497)	49,058
Additions	15,111	(5,412)	9,699
Balance at September 30, 2024	65,666	(6,909)	58,757
Furniture			
Opening balance at March 31, 2023	7,552	(453)	7,099
Additions	5,008	(869)	4,139
Balance at March 31, 2024	12,560	(1,322)	11,238
Additions	2,365	(1,484)	882
Balance at September 30, 2024	14,925	(2,806)	12,120
Machinery & equipment			
Opening balance at March 31, 2023	6,246	(432)	5,814
Additions	130,015	(1,338)	128,677
Balance at March 31, 2024	136,261	(1,770)	134,491
Additions	2,128	(5,455)	(3,327)
Balance at September 30, 2024	138,389	(7,225)	131,164
Total property and equipment at March 31, 2023	15,528	(1,294)	14,234
Total property and equipment at March 31, 2024	199,376	(4,589)	194,787
Total property and equipment at September 30, 2024	\$ 218,980	\$ (16,939)	\$ 202,041

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

	March 31, 2024	Translation difference	Additions	Impairment	September 30, 2024
<u>Brazil</u>					
Novo Mundo	\$ 1,636,607	\$ -	\$ -	\$ -	\$ 1,636,607
Tiros project	3,863,203	-	-	-	3,863,203
Santa Angela	140,530	-	-	-	140,530
Total	\$ 5,640,340	\$ -	\$ -	\$ -	\$ 5,640,340

	March 31, 2023	Translation difference	Additions	Impairment	March 31, 2024
<u>Brazil</u>					
Novo Mundo	\$ 961,857	\$ -	\$ 674,750	\$ -	\$ 1,636,607
Tiros project	-	-	3,863,203	-	3,863,203
Santa Angela	140,530	-	-	-	140,530
Total	\$ 1,102,387	\$ -	\$ 4,537,953	\$ -	\$ 5,640,340

The Tiros Rare Earth Elements and Titanium Oxide Project

On July 31, 2023, the Company entered into a definitive purchase agreement (“**Tiros Agreement**”) to acquire a 33.3% interest in the Tiros project (“**Tiros**”) with the right to earn the remaining interest by achieving certain milestones. The Tiros Agreement included acceleration provisions. Resouro acquired 80,000 shares of TSPS a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. The Company received approval from the TSX Venture Exchange (“**TSXV**”) on March 11, 2024, which constitutes the closing date.

On October 19, 2023, the Company announced that it had entered into an agreement, the First Addendum, with RBM Consultoria Mineral Eirlei (“**RBM**”) to accelerate the earn-in provisions detailed in the Tiros Agreement which resulted in the transfer of RBM’s control over TSPS to Resouro. Therefore, at March 11, 2024, upon close of the transaction, Resouro owned 100% of TSPS which owned 90% of TMEL. The remaining 10% of TMEL is owned by RBM as a non-controlling interest. This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business operation. The Company applied IFRS 2 Share-based Payments in accounting for and assessing the transaction.

The following tables summarize the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired, and liabilities assumed:

Purchase price	Value
Stock options ⁽¹⁾	\$ 1,456,400
Common shares ⁽²⁾	870,260
Performance rights ⁽³⁾	-
Funding to TMEL prior to acquisition	1,199,962
Total purchase price	3,526,622

(1) Refer to note (i)

(2) Refer to note (ii)

(3) Refer to note (iii)

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

Net Assets Acquired	Total
Current assets	\$ 68,172
Property and equipment	171,777
Exploration and evaluation assets	3,863,203
Current liabilities	(318,012)
Value of net assets allocated to NCI – 10%	(258,518)
Total net assets acquired	\$ 3,526,622

- (i) On March 11, 2024, 4,000,000 stock options were issued to Resmin as compensation for its 33.3% ownership of TSPS. The options are exercisable at a price of \$0.20 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was \$1,456,400 and was expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.5%; volatility of 69%, and an expected life of 5 years. The options vested immediately following issuance.
- (ii) On March 19, 2024, the Company issued 1,642,000 common shares to RBM as compensation for the 66.7% ownership of TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. The shares are subject to a four month hold period. A fair value of \$870,260 was assigned to the shares.
- (iii) In consideration of RBM accelerating the earn-in provision of the Tiros Agreement RBM will receive 750,000 performance rights of Resouro that will be convertible into common shares upon completion of the Definitive Feasibility Study by Resouro. The performance rights are considered to have no value at this time because management cannot accurately predict when the performance condition associated with those rights will be met.

On September 9, 2024 the Company entered into a binding agreement to acquire 3 additional tenements in the Tiros project area. The tenements compliment the existing holdings by extending the mineral rights held in the North to the Southern holdings. The 3 tenements are contiguous with the Sao Gotardo block of the Tiros project and intersect the Capacete Formation associated with the project.

Consideration paid includes the following staged transactions:

- a. Initial payment \$50,000 and 142,857 common shares of Resouro.
- b. Milestone 1: Resouro will drill 6 holes on the tenements whereby at least 3 holes show a minimum of 20 continuous meters of intercepts with over 2,000 ppm of TREO, within 2 years of the purchase date. If drilling is not completed within 2 years, then payment is due at September 9, 2026.
Payment: \$50,000 and 142,857 common shares of Resouro.
- c. Milestone 2: Resouro completes sufficient work to issue a JORC compliant report with an inferred Resouro of 100 million tonnes of at least 2,000 ppm TREO within 3 years of the purchase date.
Payment: \$50,000 and common shares based on the 20-day Volume-Weighted Average Price (“VWAP”) of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of \$0.24.
- d. Milestone 3: Up to one year after the milestone 2 payment is made the final payment is due.
Payment: \$100,000 and common shares based on the 20-day VWAP of Resouro shares which occur immediately prior to the date the milestone is completed, with a minimum VWAP floor price of \$0.24.

The Company considers this consolidation of tenements in the highly prospective Capacete Formation a strategic acquisition to complement the current land holdings in the Tiros area.

6. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (Continued)

Buracão Gold project

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

On February 25, 2023, the Company notified the seller that it was discontinuing its investments in the Buracão project. The Company has decided to reprioritize its allocation of resources from the Buracão project to the Novo Mundo gold project. Per the option agreement, the Company had the right to withdraw without further payment obligations if it gave 30 days notice before the second anniversary of signing the option agreement. The Company did not provide the required 30 days notice, and as a result the Company has incurred a penalty of 2,000,000 (Brazilian Real “BRL”), per the option agreement, which were due in 3 installments. The final BRL 1,000,000 payment was reduced by 8% because the Company paid the final amount early which resulted in a penalty relief of \$21,856. The final BRL 1,000,000 payment was reduced by 8% to BRL 920,000 because the Company paid the final amount early which resulted in a penalty relief of \$21,856. The final payment was made during June 2024.

As a result of the withdrawal from the option agreement, the \$503,508 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss. In addition, the \$533,800 penalty was recognized as an impairment cost under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for a total impairment of \$1,037,308 at March 31, 2023.

Novo Mundo project

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

The Company has the rights to conduct exploration work at its sole discretion. If within the remaining exploration period for each Mineral Right, an identified resource target which is predominately precious metals, the Company shall have the first right to develop and solely fund the project and Nexa will retain a 1.5% Net Smelter Return (“NSR”).

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

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

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

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

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

On January 19, 2023, the Company submitted two partial exploration reports (“PER”) to the Brazilian National Mining Agency (“ANM”). Following the approval of the first PER, the Company negotiated the timing of a payment of BRL 2,500,000 to Avepe, the original project owner previous to Nexa, during October 2023, in order to proceed with the next phase of the exploration program. As of March 31, 2024, BRL 1,500,000 (CAD \$405,000) was outstanding. The amount was settled subsequent to year-end on June 19, 2024.

Pernambuco project

During December 2021, the Company acquired certain mineral exploration rights from the Brazilian department of mines Agência Nacional de Mineração (“ANM”) to conduct exploration work on the Pernambuco project in the State of Pernambuco, Brazil. Total consideration paid was BRL100,099 (\$25,525). The Company has decided to discontinue its exploration activities with the Pernambuco project. As a result, the \$25,525 of acquisition costs were written-off from the exploration and evaluation assets and recorded as a net loss under exploration and evaluation expenditures in the statement of loss and other comprehensive loss for the year ended March 31, 2023.

Santa Angela project

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

Exploration and evaluation expenditures

For the six months ended,	September 30, 2024	September 30, 2023
Drilling program	\$ 595,159	\$ -
Consulting - Geologists	502,242	-
Studies	639,821	-
Government fees	87,589	-
Equipment and supplies	84,519	8,388
Total exploration and evaluation expenditures	\$ 1,909,330	\$ 8,388

The Company completed the Tiros drilling program during September 2024. The program was undertaken during 2023 and 2024. The program produced core samples that are being used to undertake a number of studies required to advance the Tiros project.

- On July 17, 2024, Resouro published its JORC report which highlighted the Maiden Resource Estimate for the Tiros Project.
- On August 13, 2024, the Company announced the results of its first phase of the metallurgical study designed to determine which extraction and recovery method is best suited to the Company’s Rare Earth and Titanium deposit.
- During September the Company began the Preliminary Economic Assessment.
- During September the Company engaged environmental and social consultants to complete the Environmental Assessment.

7. SUSTAINABILITY AND CLIMATE

During June 2024, ISSB published the Sustainability Policy, IFRS S1 and the Climate Policy, IFRS S2. Both policies will become effective January 1, 2025. These policies outline general requirements for the disclosure of climate and sustainability-related financial information to meet the needs of investors and stakeholders. It ensures companies provide relevant, reliable, and comparable information about the sustainability risks and opportunities that impact their enterprise value. The financial disclosure for implementing IFRS S1 and IFRS S2 must include a comprehensive understanding of its financial impact on the company's operations, systems, and reporting procedures.

Resouro engaged an external advisor prior to the ISSB publication of the IFRS standards. Digbee will provide us with an independent assessment of our Environmental, Social, and Governance ("ESG") policies and management practices at both the corporate and project level. Digbee hosts a specialized data and research platform focused on providing ESG solutions tailored to the mining sector. It offers Resouro insights into sustainability performance, and assists in addressing our ESG related risks and opportunities.

As of September 30, 2024, the Company has incurred \$22,968 in fees related to the Digbee services.

8. RIGHT-OF-USE ASSETS

On October 1, 2023, the Company entered into a lease to rent office space in Australia for a term of twenty-one months. As a result, \$48,578 was added to the right-of-use asset and the associated liability for payments. A discount rate of 14.5% was used to determine the present value of the lease obligations. During the six months ended September 30, 2024, cash payments of \$10,808 were paid, \$1,530 of accretion and \$9,678 of depreciation were recognized.

Opening balance - March 31, 2024	\$ 36,740
Additions	-
Accumulated depreciation	(14,414)
Foreign exchange impact	-
Closing balance - September 30, 2024	\$ 22,326

9. LEASE OBLIGATION

The Company's lease obligations at March 31, 2024 relate to the office lease in Australia. A discount rate of 14.5% was used to determine the present value of the lease obligations.

Opening balance - March 31, 2024	\$ 35,208
Additions	-
Repayments	(16,314)
Foreign exchange impact	-
Accretion	2,160
Closing balance - September 30, 2024	\$ 21,054

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	March 31, 2024
Trade and other payables	\$ 265,319	\$ 246,200
Accrued liabilities	10,491	67,768
	\$ 275,810	\$ 938,708

11. SHARE CAPITAL

Authorized

As at the date of this report, the authorized share capital of the Company was an unlimited number of common shares without par value.

	Ref	Number ⁽¹⁾	Value
Balance at March 31, 2023 ⁽²⁾		43,974,956	\$ 5,770,329
Shares issued, May 10, 2023	(i)	2,753,333	413,000
Share issue costs, May 10, 2023	(i)	-	(5,292)
Shares issued, July 11, 2023	(ii)	14,133,333	2,120,000
Share issue costs - agent shares issued, July 11, 2023	(ii)	-	(120,000)
Share issue costs - agent warrants issued, July 11, 2023	(ii)	-	(104,567)
Share issue costs, July 11, 2023	(ii)	-	(11,529)
Shares issued, August 29, 2023	(iii)	10,107,142	2,830,000
Share issue costs, August 29, 2023	(iii)	-	(186,191)
Shares issued, March 19, 2024	(v)	1,642,000	870,260
Shares issued, March 25, 2024	(iv)	3,571,428	1,500,000
Shares issue costs, March 25, 2024	(iv)	-	(90,368)
Balance at March 31, 2024		76,182,192	\$ 12,985,642
Shares issued, June 14, 2024	(vi)	16,000,000	7,300,420
Shares issue costs, June 14, 2024	(vi)	-	(933,772)
Stock options exercised, April 26, 2024	(vii)	150,000	50,915
Balance at September 30, 2024		92,332,192	\$ 19,403,205

¹ An Officer and Director of the Company owned 20% of the outstanding common shares as of September 30, 2024.

² As of September 30, 2024 there are 13,037,949 shares held in escrow.

Issued

- (i) On May 10, 2023, the Company closed a private placement in which 2,753,333 common shares were issued at a price of \$0.15 per common share for cash consideration of \$413,000. The Company paid \$5,292 in finders' fees.
- (ii) On July 11, 2023, the Company closed a private placement in which 13,333,333 common shares were issued at a price of \$0.15 per common share for cash consideration of \$2,000,000. The Company issued an additional 800,000 common shares valued at \$120,000 to a broker as a finders' fee. The Company issued 600,616 warrants to a broker as a finders' fee with an exercise price of \$0.20. The warrants expire on July 11, 2026. The Company paid an additional \$11,529 in cash finders' fees.
- (iii) On August 29, 2023, the Company closed a private placement in which 10,107,142 common shares were issued at a price of \$0.28 per common share for cash consideration of \$2,830,000. The Company paid \$186,191 in finders' fees.
- (iv) On March 19, 2024, the Company issued 1,642,000 common shares to RBM as compensation for transfer of RBM's control over TSPS, a company incorporated in Singapore whose subsidiary TMEL, a company incorporated in Brazil, holds the titles that comprise the Tiros project area. A fair value of \$870,260 was assigned to the shares.

11. SHARE CAPITAL (Continued)

- (v) On March 25, 2024, the Company issued 3,571,428 common shares at a price of \$0.42 per common share for cash consideration of \$1,500,000. The Company paid \$90,368 in share issue costs of which \$63,000 were finders' fees.
- (vi) On June 14, 2024, the Company successfully completed a dual listing on the Australian Securities Exchange ("ASX"). Concurrent to the ASX listing the Company closed a private placement in Australia, which was considered an Initial Public Offering ("IPO") on the ASX ("ASX offer").

The Company successfully closed the ASX offer on June 12, 2024, in which 16,000,000 CHESSE Depository Interests ("CDI") over common shares were issued at a price of AUD\$0.50 (CAD\$0.46). Cash consideration of AUD\$8,000,000 (CAD \$7,300,420) was received and \$933,772 of share issue costs were recognized. The CDIs are subject to a 4 month plus 1 day hold period.

Taylor Collison Limited, an Australian broker, acted as the Lead Manager for the ASX Offer. As compensation for its services, the Lead Manager was paid a broker fee of AUD\$440,000 (CAD\$402,600) which was equal to 5.5% of the aggregate gross proceeds of the Offer and was issued 1,843,643 broker options in the Company at an exercise price of CAD\$0.68, vesting immediately, and expiring three years from the date of issue. The fair value assigned for the stock options was \$428,094. The broker options are subject to a 24-month escrow period.

Under ASX listing regulations, the following equity is subject to a 24-month escrow period. These equity instruments will be released from escrow on June 14, 2026:

Holder	Equity	Number	Issue date	Remaining life	Escrow release
Resmin	Options	4,000,000	March 11, 2024	5.0	June 14, 2026
Resmin	Options	750,000	October 11, 2023	4.5	June 14, 2026
Directors	Options	750,000	October 11, 2023	4.5	June 14, 2026
RBM	Shares	1,642,000	March 11, 2024	N/A	June 14, 2026
RBM	Performance rights	750,000	October 15, 2023	4.5	June 14, 2026
Taylor Collison	Options	1,843,643	June 4, 2024	5.0	June 14, 2026

- (vii) On April 26, 2024, 150,000 stock options were exercised. The options were valued at \$50,915 which is comprised of \$26,250 cash and \$24,665 of the Black-Scholes value re-classified from contributed surplus to share capital

Escrow Shares

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

- The pre-RTO shareholders were deemed to have been issued 7,031,079 common shares with a fair market value of \$2,091,371.
- The Company issued 29,655,750 common shares as consideration to the ISON shareholders with a value of \$1,670,388. Of the 29,655,750 common shares issued, 26,671,273 were subject to escrow and will be released on a timed-release basis.

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Notes to the Consolidated Financial Statements
For the six months ended September 30, 2024 and September 30, 2023
(Expressed in Canadian Dollars)

11. SHARE CAPITAL (*Continued*)

As of September 30, 2024, there remain 12,400,449 common shares held under a Surplus Escrow Agreement:

	Percentage of Total Escrowed Securities Released	Total Number of Escrowed Securities Released
Release Dates		
May 13, 2022	5%	1,127,314
November 13, 2022	5%	1,127,314
May 13, 2023	10%	2,254,627
November 13, 2023	10%	2,254,627
May 13, 2024	15%	3,381,942
November 13, 2024	15%	3,381,942
May 13, 2025	40%	9,018,507
Total	100%	24,546,273

As of September 30, 2024, there remain 637,500 common shares held in escrow under a Value Escrow Agreement:

	Percentage of Total Escrowed Securities Released	Total Number of Escrowed Securities Released
Release Dates		
May 16, 2022	10%	212,500
November 16, 2022	15%	318,750
May 16, 2026	15%	318,750
November 16, 2023	15%	318,750
May 16, 2024	15%	318,750
November 16, 2024	15%	318,750
May 13, 2025	15%	318,750
Total	100%	2,125,000

Reserve for warrants

On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of \$0.35 per unit for gross proceeds of \$2,550,844 concurrent to the RTO. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the date of issuance with an expiry date of May 15, 2024, subject to an acceleration clause. The fair value of the warrants was recognized upon issuance, to reserve for warrants, where they remained until expiration or exercise. There were 3,644,062 warrants issued. A fair value of \$359,707 was assigned to the warrants, using the Black-Scholes option pricing model, and the following assumptions: expected dividend yield of 0%; risk-free interest rate of 2.6% and a volatility of 89%. The warrants expired on May 15, 2024, unexercised.

On July 11, 2023, the Company issued 600,616 common share purchase warrants to a broker as a finders' fee. A fair value of \$104,567 was assigned to the warrants, using the Black-Scholes option pricing model and the following assumptions: expected dividend yield of 0%; risk-free interest rate of 4.13%; volatility of 105% and an expected life of 36 months.

In consideration of RBM accelerating the earn-in provision of the Tiros Agreement RBM will receive 750,000 performance rights of Resouro that will be convertible into common shares upon completion of the Definitive Feasibility Study by Resouro. The performance rights are considered to have no value at this time because management is not expecting the performance condition associated with those rights to be met prior to the 5-year expiry date. The performance rights will be subject to the applicable hold periods under TSXV policies and Canadian securities laws.

11. SHARE CAPITAL (Continued)

Stock options

On January 18, 2024, the Company announced the results of the Annual General Meeting (“AGM”) which included the approval of an amended stock option plan. The amended stock option plan allows the Company to issue up to 14,193,752 stock options which represents 20% of the issued and outstanding common shares as of December 15, 2023.

Date	Number of Options	SBC Expense	Tiros fair value adjustment	Number Vested	Remaining life	Escrow release date
Issued: June 13, 2023	4,560,000	\$699,835	-	2,906,667	3.7	-
Issued: October 11, 2023 ⁽¹⁾	2,250,000	800,040	-	2,250,000	4.0	June 14, 2026
Issued: March 11, 2024 ⁽²⁾	4,000,000	-	1,456,400	4,000,000	4.4	June 14, 2026
Exercised: April 26, 2024	(150,000)	-	-	-	-	-
Expired: April 30, 2024	(50,000)	-	-	-	-	-
Total	10,610,000	\$1,499,875	\$1,456,400	9,156,667	4.0	

(1) 1,500,000 options are held in escrow.

(2) 4,000,000 options are held in escrow.

- i) On June 13, 2023, the company issued 4,560,000 common share purchase options to directors and officers of the Company. The options were exercisable at a price of \$0.175 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was \$789,732, which will be expensed over the next 24 months. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.18%; volatility of 112%, and an expected life of 5 years. The options vest over a 24-month period following issuance with the exception of the options issued to a consulting firm, which vest over a 12-month period.
- ii) On October 11, 2023, the company issued 2,250,000 common share purchase options to directors and officers of the Company. The options were exercisable at a price of \$0.50 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was \$800,040 and were expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 4.33%; volatility of 112%, and an expected life of 5 years. The options vested immediately following issuance and expire on October 11, 2028.
- iii) On March 11, 2024, 4,000,000 stock options were issued to Resmin as compensation for its 33.3% ownership of TSPS. Upon TSXV approval the compensation was issued to close the acquisition. The options are exercisable at a price of \$0.20 per share, for a period of five years from the date of grant. The fair value assigned for the stock options was \$1,456,400 and was expensed upon issuance. The fair value was determined using the Black-Scholes option-pricing model, with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 3.87%; volatility of 75%, and an expected life of 3 years. The options vested immediately following issuance. The value of the options form part of the value of the Tiros exploration assets recognized on the balance sheet. The options expire on March 11, 2029.
- iv) On April 26, 2024, 150,000 stock options were exercised. The options were valued at \$50,915 which is comprised of \$26,250 cash and \$24,665 of the Black-Scholes value re-classified from contributed surplus to share capital.
- v) On April 30, 2024, 50,000 stock options expired.

For the six months ended September 30, 2024, a share-based compensation expense of \$113,900 (September 30, 2023 \$384,029) has been recognized in the condensed interim consolidated statement of loss and other comprehensive loss.

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Notes to the Consolidated Financial Statements
For the six months ended September 30, 2024 and September 30, 2023
(Expressed in Canadian Dollars)

12. NON-CONTROLLING INTEREST

As of March 11, 2024, which marked the close of the Tiros acquisition, Resouro owned 90% and RBM owned 10% of the outstanding shares of TMEL.

	RBM NCI Ownership
Tiros Minerais Estrategicos Mineracao Ltda (“TMEL”)	10%
TMEL Financials as of September 30, 2024	
Net loss	\$(1,547,073)
Net loss attributable to non-controlling interest	(154,707)
Current assets	1,238,888
Non-current assets	188,715
Current liabilities	(161,226)
Net assets	1,266,377

	RBM NCI Ownership
Tiros Minerais Estrategicos Mineracao Ltda (“TMEL”)	10%
TMEL Financials as of March 31, 2024	
Net loss	\$(53,141)
Net loss attributable to non-controlling interest	(4,680)
Current assets	43,259
Non-current assets	170,553
Current liabilities	(282,588)
Net assets	(68,776)

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

Six months ended,	September 30, 2024	September 30, 2023
Officers	\$270,306	\$105,000
Directors	497,975	78,506
Total compensation	\$768,281	\$183,506

As of September 30, 2024, \$88,480 was due to Officers and Directors for consulting fees and reimbursable expenses (March 31, 2024 - \$98,685).

As of September 30, 2023, a loan valued at \$259,420 was due to an Officer of the Company. During the six months ended September 30, 2023, nil was repaid. The loan amount was unsecured, non-interest bearing and repayable on demand and convertible into common shares after one year. The loan was repaid during the year ended March 31, 2024, therefore, no amounts were due as of September 30, 2024.

13. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

As of September 30, 2023, a related party owed the Company \$642,859. The party was considered a related party by virtue of the fact that Resouro’s CEO owned 33.3% of the outstanding shares. As of March 11, 2024, the Company purchased the related party: the Tiros acquisition (Note 6). Amounts owed at the time of the purchase were included in the fair value of the total consideration paid as the identified liabilities assumed. Therefore, as of September 30, 2024, there were no amounts due to the related party as a result of the Tiros acquisition.

14. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company classified its financial instruments as follows:

	September 30, 2024	March 31, 2024
Financial assets - amortized cost:		
Cash	\$ 4,318,843	\$ 1,921,272
Interest receivable	20,000	-
Accounts receivable	8,088	29,193
<i>Financial liabilities - amortized cost:</i>		
Accounts payable and accruals	275,810	938,708
Due to related party	88,480	98,685

Fair value

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

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party approximate their fair value because of the short-term nature of these instruments.

Capital risk management

Capital is comprised of the Company’s components of shareholders’ equity. The Company’s objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not subject to any capital restrictions and did not change its approach to capital management during the most recent period.

Credit risk

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

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

Liquidity risk

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

Currency risk

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

Interest rate risk

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

15. SEGMENTED INFORMATION

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