



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

For the years ended March 31, 2024 and March 31, 2023
(Expressed in Canadian Dollars)

To the Shareholders of Resouro Strategic Metals Inc.:

Opinion

We have audited the consolidated financial statements of Resouro Strategic Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and March 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2024 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Accounting for the share purchase transaction of Tiros Stratemet Pte Ltd. ("Tiros" or "TSPS").

Key Audit Matter Description

As described in Note 5 to the consolidated financial statements, the Company acquired all the issued and outstanding shares of TSPS by way of share purchase agreements from Resmin Pte Ltd and RBM Consultoria Mineral Eireli during the year ended March 31, 2024.

Determination of whether this acquisition represented a business combination or an asset acquisition required a significant amount of judgment. Management also applied significant judgment in estimating the fair value of the assets acquired. To estimate the fair value of the exploration and evaluation assets ("E&E"), management used the fair value of the equity instruments transferred as consideration.

We considered the accounting for the acquisition of TSPS as a key audit matter due to the significant judgments applied by management in concluding that this transaction did not represent a business acquisition under IFRS 3 Business combinations, and in estimating the fair value of the exploration and evaluation assets acquired.

Audit Response

We responded to this matter by performing audit procedures in relation to the accounting for the share purchase transaction of Tiros. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and examined the share purchase agreements related to the acquisition;
- Evaluated management's analysis and consulted with internal accounting specialists regarding:
 - The determination of whether this acquisition represented an asset acquisition or a business combination under IFRS 3 Business Combinations; and
 - The accounting treatment of equity instruments paid as consideration.
- Evaluated and analyzed management's assessment of the fair value of the E&E assets acquired and equity instruments paid as consideration; and
- Obtained the signed agreements indicating ownership of claims by TSPS and tracing licenses held by TSPS to the related Brazilian government website (Agência Nacional de Mineração) as evidence of ownership of the assets acquired.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Calgary, Alberta

July 22, 2024

MNP LLP

Chartered Professional Accountants

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

		For the year ended March 31,	
	Notes	2024	2023
General and administrative			
Management fees		\$ 566,030	\$ 164,923
Professional fees		1,300,751	403,822
Office and administrative expenses		134,164	141,597
Share based compensation	9	1,385,975	-
Travel and related expenses		191,656	183,052
Depreciation	4	3,295	1,294
Accretion of right-of-use obligation	7	2,460	-
Depreciation of right-of-use asset		11,985	-
Foreign exchange loss (gain)		36,457	55,508
Exploration and evaluation expenditures	5	101,481	1,684,872
		3,734,254	2,635,068
Other items			
Interest income		(12,025)	(7,405)
Interest on loan payable		-	341
Penalty relief		(21,856)	-
Listing expense	3	-	1,837,480
Net loss		3,700,373	4,465,484
Net loss attributable to			
Common shareholders		3,695,693	4,465,484
Non-controlling interest	10	4,680	-
Attributable net loss		3,700,373	4,465,484
Other comprehensive loss			
Items that may be reclassified subsequently to net loss			
Exchange difference on translating foreign operations		-	(32,656)
Total comprehensive loss		\$ 3,700,373	\$ 4,432,828
Total comprehensive loss attributable to			
Common shareholders		3,695,693	4,432,828
Non-controlling interest	10	4,680	-
Total attributable comprehensive loss		\$ 3,700,373	\$ 4,432,828
Net loss per share - basic and diluted		\$ (0.06)	\$ (0.10)
Weighted average shares outstanding basic and diluted		62,856,955	43,076,420

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

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

	Notes	For the year ended	
		2024	March 31, 2023
Cash flow used in operating activities			
Loss for the year		\$ (3,700,373)	\$ (4,465,484)
Items not affecting cash:			
Listing expense	3	-	1,837,480
Impairment of exploration and evaluation assets	5	-	1,062,833
Share-based compensation	9	1,385,975	-
Depreciation	4	3,295	1,209
Foreign exchange		-	55,508
Accretion of right-of-use obligation	7	2,460	-
Depreciation of right-of-use asset	8	11,985	-
Net change in non-cash working capital balances:			
Accounts receivable		17,934	(14,621)
Prepaid expenses		(1,062)	(3,899)
Due to related parties		98,685	-
Accounts payable and accrued liabilities		(639,386)	(269,077)
Cash flow used in operating activities		(2,820,487)	(1,795,966)
Cash flow provided by financing activities			
Related party financing	11	(261,099)	(46,315)
Repayment of right of lease obligation	7	(15,977)	-
Private placement, net share issue costs	9	6,449,620	2,368,277
Cash flow provided by financing activities		6,172,544	2,321,962
Cash flow used in investing activities			
Cash acquired from reverse take-over	3	-	106,780
Cash obtained from acquisition	5	48,713	-
Funding prior to acquisition	5	(1,199,962)	-
Property and equipment	4	(12,071)	(14,257)
Exploration and evaluation costs	5	(274,225)	(621,230)
Cash flow used in investing activities		(1,437,545)	(528,707)
Net change in cash		1,914,513	(2,711)
Cash at beginning of the year		6,759	9,470
Cash at the end of the year		\$ 1,921,272	\$ 6,759

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

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Consolidated Statements of Changes in 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, 2022	29,655,750	\$ 1,670,388	\$ -	\$ -	\$ -	\$ 64,743	\$ (1,644,299)	\$ 90,832
ISON shares cancelled in share exchange with shareholders in RTO (Note 3)	(29,655,750)	(1,670,388)	-	-	-	-	-	(1,670,388)
Shares issued in share exchange with shareholders in RTO recapitalization (Note 3)	29,655,750	1,670,388	-	-	-	-	-	1,670,388
Shares deemed to be issued in RTO (Note 3)	7,031,079	2,091,371	-	-	-	-	-	2,091,371
Shares issued from concurrent private placement	7,288,127	2,550,844	-	-	-	-	-	2,550,844
Warrants (Note 3)	-	(383,257)	383,257	-	-	-	-	-
Shares issuance costs	-	(159,017)	(23,550)	-	-	-	-	(182,567)
Foreign currency translation reserve	-	-	-	-	-	(32,656)	-	(32,656)
Loss for the year	-	-	-	-	-	-	(4,465,484)	(4,465,484)
Balance at March 31, 2023	43,974,956	5,770,329	359,707	-	-	32,087	(6,109,783)	52,340
Shares issued in private placements (Note 9)	30,565,236	6,743,000	-	-	-	-	-	6,743,000
Shares issued as compensation (Note 5)	1,642,000	870,260	-	-	-	-	-	870,260
Shares issuance costs (Note 9)	-	(416,380)	-	-	-	-	-	(413,380)
Agent shares (Note 9)	-	120,000	-	-	-	-	-	120,000
Agent warrants (Note 9)	-	(104,567)	104,567	-	-	-	-	-
Share based compensation (Note 9)	-	-	-	1,385,975	-	-	-	1,385,975
Acquisition compensation issued (Note 5)	-	-	-	1,456,400	-	-	-	1,456,400
Non-controlling interest (Note 10)	-	-	-	-	258,518	-	-	258,518
Loss for the year attributable to shareholders	-	-	-	-	(4,680)	-	(3,695,693)	(3,695,693)
Balance at March 31, 2024	76,182,192	\$ 12,985,642	\$ 464,274	\$ 2,842,375	\$ 253,838	\$ 32,087	\$ (9,805,476)	\$ 6,777,420

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

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and March 31, 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Resouro Strategic Metals Inc. (“**the Company**” or “**Resouro**”), formerly Resouro Gold Inc. and previously eShippers Management Ltd. (“**eShippers**”), was incorporated on August 4, 1992 under the laws of British Columbia, Canada. The Company’s head office and registered is Suite 520 – 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 3L5. The Company’s shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “**RSM**” previously “**RAU**”, the Over-the-Counter pink sheet US exchange (the “**OTC**”) under the symbol “**RSGOF**” and the Frankfurt Stock Exchange (the “**FSE**”) under the symbol “**BU9**”.

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**”) (Note 3). 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 audited consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these consolidated financial statements, the Company has entered into agreements to acquire material property rights. The Company has not achieved profitable operations and has accumulated losses since inception. The Company had a working capital surplus of \$903,225 (March 31, 2023 deficit (\$1,064,281)) and an accumulated deficit attributable to shareholders of \$9,805,476 (March 31, 2023 \$6,109,783) for the year ended March 31, 2024. The Company has incurred a loss from operations of \$3,700,373 for the year ended March 31, 2024 (March 31, 2023 \$4,465,484).

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. MATERIAL ACCOUNTING POLICIES

Statement of compliance

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

These audited consolidated financial statements for the year ended March 31, 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, 2023.

Basis of presentation and measurement

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

Basis of consolidation

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

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company has four subsidiaries. ISON is 100% owned by Resouro. ISON was incorporated under the laws of Singapore. ISON owns 100% of the outstanding shares of ISON do Brasil, 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 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:

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 Minerais Estrategicos Mineração Ltda ("TMEL")	Canadian Dollar	90% (10% NCI)

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

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

Financial liabilities

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

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.

Cash

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

Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant, and equipment (including initial and subsequent capital expenditure) are amortized to their estimated residual value over the estimated useful lives of the specific assets

concerned. Amortization is provided using the straight-line basis evenly over the estimated useful lives of the property, plant and equipment. Property and equipment is comprised of furniture, office equipment, computer equipment, computer software and facility equipment.

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

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets and expenditures

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

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

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

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

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

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

Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

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

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable regarding previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that effect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provisions and asset retirement obligations

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

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.

Share capital

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

Transaction costs directly attributed to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Share-based compensation

The fair value of stock options granted to employees is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Company.

Earnings (loss) per share

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

Critical accounting judgments and estimates

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

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

Judgments

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

Functional currency

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

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 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.

Acquisitions

The acquisition in Note 5 required management to make a judgment as to whether the entity constituted a business under the definitions of IFRS 3. The assessment required management to assess the inputs, processes, and ability of those entities to produce outputs at the time of acquisition. Pursuant to the assessment, the acquisition of the entity was considered an asset acquisition.

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.

3. REVERSE ACQUISITION BY ISON

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

3. REVERSE ACQUISITION BY ISON (Continued)

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

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

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

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 9). Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. A value of \$383,257 was assigned to the warrants using the Black-Scholes model calculation (Note 9). In addition, \$23,550 of share issue costs were assigned to warrants for a net warrant value of \$359,707 (Note 9). Total share issue costs of \$182,567 were incurred.

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4. PROPERTY AND EQUIPMENT

	Asset	Depreciation	Net Book Value
Computer & software			
Opening balance March 31, 2022	\$ 1,271	\$ (88)	\$ 1,183
Additions	459	(321)	138
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
Furniture			
Opening balance at March 31, 2022	-	-	-
Additions	7,552	(453)	7,099
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
Machinery			
Opening balance at March 31, 2022	-	-	-
Additions	6,246	(432)	5,814
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
Total property and equipment at March 31, 2022	\$ 1,271	\$ (88)	\$ 1,183
Total property and equipment at March 31, 2023	15,528	(1,294)	14,234
Total property and equipment at March 31, 2024	\$199,376	\$(4,589)	\$194,787

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

	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

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

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

5. 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 \$1,540,000 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 is not expecting the performance condition associated with those rights to be met prior to the 5-year expiry date.

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.

Therefore, a total of BRL 1,920,000 was paid as follows:

- Paid: July 25, 2023 – BRL 500,000 (\$134,850)
- Paid: September 21, 2023 – BRL 500,000 (\$134,850)
- Paid: October 6, 2023 – BRL 920,000 (\$248,124)

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

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.

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 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 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.

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 Coogavepe, 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.

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

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 year ended,	March 31, 2024	March 31, 2023
Drilling	\$ 14,342	\$ 437,321
Consulting - Geologists	51,957	184,718
Impairment – Pernambuco project	-	25,525
Impairment – Buracão project	-	1,037,308
Government fees	18,854	-
Equipment and supplies	16,328	-
Total exploration and evaluation expenditures	\$ 101,481	\$ 1,684,872

6. 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 period ended March 31, 2024, cash payments of \$15,977 were paid, \$2,460 of accretion and \$11,985 of depreciation were recognized.

Opening balance - March 31, 2023	\$ -
Additions	48,578
Accumulated depreciation	(11,985)
Foreign exchange impact	147
Closing balance - March 31, 2024	\$36,740

7. 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, 2023	\$ -
Additions	48,578
Repayments	(15,977)
Foreign exchange impact	147
Accretion	2,460
Closing balance - March 31, 2024	\$35,208

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	March 31, 2023
Trade and other payables	\$ 972,478	\$ 246,200
Accrued liabilities	67,768	613,357
	\$ 938,708	\$ 859,557

9. SHARE CAPITAL

Authorized

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

	Ref	<i>Number¹</i>	Value
Balance at March 31, 2022		29,655,750	\$1,670,388
Shares cancelled in share exchange with shareholders in RTO	(ii)	(29,655,750)	(1,670,388)
Shares issued in share exchange with shareholders in RTO ²	(ii)	29,655,750	1,670,388
Shares deemed to be issued in RTO	(ii)	7,031,079	2,091,371
Shares issued from concurrent private placement	(i)	7,288,127	2,550,844
Warrants	(i)	-	(359,707)
Share issue costs	(i)	-	(182,567)
Balance at March 31, 2023		43,974,956	\$5,770,329
Shares issued, May 10, 2023	(iii)	2,753,333	413,000
Share issue costs, May 10, 2023	(iii)	-	(5,292)
Shares issued, July 11, 2023	(iv)	14,133,333	2,120,000
Share issue costs - agent shares issued, July 11, 2023	(iv)	-	(120,000)
Share issue costs - agent warrants issued, July 11, 2023 ³	(iv)	-	(104,567)
Share issue costs, July 11, 2023	(iv)	-	(11,529)
Shares issued, August 29, 2023	(v)	10,107,142	2,830,000
Share issue costs, August 29, 2023	(v)	-	(186,191)
Shares issued, March 25, 2024	(vii)	3,571,428	1,500,000
Share issue costs, March 25, 2024	(vii)	-	(90,368)
Shares issued March 19, 2024	(vi)	1,642,000	870,260
Balance at March 31, 2024		76,182,192	\$12,985,642

¹ An Officer and Director of the Company owned 24% of the outstanding common shares as of March 31, 2024.

² As of March 31, 2024 there are 16,738,641 shares held in escrow.

Issued

- (iv) On May 15, 2022, the Company completed a non-brokered private placement of 7,288,127 units at a price of \$0.35 per unit for gross proceeds of \$2,550,844 concurrent to the RTO. Each unit consisted of one common share and one-half share purchase warrant, where each full share purchase warrant is exercisable at \$0.50 per share for 24 months from the date of issuance, subject to an acceleration clause. There were 3,644,062 warrants issued. A value of \$383,257 was assigned to the warrants using the Black-Scholes model calculation. In addition, \$23,550 of share issue costs were assigned to warrants for a net warrant value of \$359,707. Total share issue costs of \$182,567 were incurred.

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9. SHARE CAPITAL (Continued)

(v) 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, 24,530,750 were subject to escrow and will be released on a timed-release basis.

The terms of the escrow agreements bind the common shares held in escrow to be released on a time-released basis. As of March 31, 2024, there remain 15,782,391 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, 2024	40%	9,018,507
Total	100%	24,546,273

As of March 31, 2024, there remain 956,250 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 16 2024	15%	318,750
Total	100%	2,125,000

- (vi) 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.
- (vii) 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.
- (viii) 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.

9. SHARE CAPITAL (Continued)

- (ix) 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. The shares are subject to a four month hold period. A fair value of \$870,260 was assigned to the shares.
- (x) On March 25, 2024, the Company issued 3,571,428 common shares were issued 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.

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 will remain 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%; volatility of 89%, and an expiry date of May 15, 2024.

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%; share price of \$0.25 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.

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 Issued	Number of Options	SBC Expense	Tiros fair value adjustment	Number Vested	Remaining life	Escrow release date
June 13, 2023	4,560,000	\$585,935	-	1,603,332	4.2	-
October 11, 2023 ⁽¹⁾	2,250,000	800,040	-	2,250,000	4.5	June 14, 2026
March 11, 2024	4,000,000	-	1,456,400	4,000,000	4.9	June 14, 2026
Total	10,810,000	\$1,385,975	\$1,456,400	7,853,332	4.5	

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

9. SHARE CAPITAL (Continued)

- 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%; share price of \$0.21, 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%, share price of \$0.45 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%, share price of \$0.5 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.

For the year ended March 31, 2024, a share-based compensation expense of \$1,385,975 (March 31, 2023 \$nil) has been recognized in the consolidated statement of loss and other comprehensive loss.

10. NON-CONTROLLING INTEREST

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

	RBM NCI Ownership
Tiros Minerais Estrategicos Mineracao Ltda (“ TMEL ”)	10%
TMEL Financials as of March 31, 2024	
Net loss	\$(46,800)
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)

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and March 31, 2023

(Expressed in Canadian Dollars)

11. 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:

	Year ended, March 31, 2024	Year ended, March 31, 2023
Officers	\$ 362,260	\$ 111,169
Directors	203,770	53,754
Total compensation	\$ 566,030	\$ 164,923

As at March 31, 2024, a loan valued at \$nil (March 31, 2023 - \$261,099) was due to an Officer of the Company. During the year ended March 31, 2024, the loan was repaid in full.

As at March 31, 2024, \$98,685 was due to Officers and Directors for fees and reimbursable expenses (March 31, 2023 - \$19,325).

12. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company classified its financial instruments as follows:

	March 31, 2024	March 31, 2023
Financial assets - amortized cost:		
Cash	\$ 1,921,272	\$ 6,759
Accounts receivable	29,193	45,717
Financial liabilities - amortized cost:		
Accounts payable and accruals	938,708	859,557
Due to related party	98,685	261,099

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:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- 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.

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

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

Credit risk

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

Liquidity risk

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

Currency risk

The Company and its subsidiaries have identified its functional currency as the Canadian dollar. Certain administrative and exploration expenditures have been paid in the 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.

13. INCOME TAXES

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

	Year ended March 31,	
	2024	2023
Loss for the year	\$(3,700,373)	\$(4,465,484)
Expected income tax expense (recovery)	(999,101)	(1,205,681)
Canadian income tax rate	27%	27%
Effect of change in statutory and foreign tax rates and other	30,968	192,064
Permanent differences		
Share based compensation	378,506	-
Share issue costs	(146,205)	(35,889)
Listing expenses	-	494,573
Change in unrecognized deductible temporary differences and other	735,832	554,933
Total income tax expense (recovery)	\$ -	\$ -

RESOURO STRATEGIC METALS INC. (formerly Resouro Gold Inc.)
Notes to the Consolidated Financial Statements
For the years ended March 31, 2024 and March 31, 2023
(Expressed in Canadian Dollars)

13. INCOME TAXES (Continued)

The significant components of the Company's temporary differences and unused tax losses are as follows:

Period ended,	March 31, 2024	Expiry date range	March 31, 2023	Expiry date range
Non-capital losses - Canada	\$8,934,406	2028-2044	\$5,027,664	2027-2043
Non-capital losses - Brazil	\$2,474,824	No expiry date	\$2,276,038	No expiry date
Non-capital losses - Singapore	\$12,804	2043-2044	\$166,684	2043
Exploration and evaluation assets	564,143	No expiry date	973,720	No expiry date
Allowable capital losses	-	No expiry date	1,345,085	No expiry date
Share issuance costs	512,949	2027-2044	106,337	2027-2043
	\$12,499,126		\$9,895,528	

14. SEGMENTED INFORMATION

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

15. SUBSEQUENT EVENTS

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 CHESS 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 \$7,300,718) was received. 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 stock options in the Company at an exercise price of CAD\$0.68, vesting immediately, and expiring three years from the date of issue. The 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