

SENDERO RESOURCES CORP.
CONSOLIDATED FINANCIAL STATEMENTS

For the years ended July 31, 2023 and July 31, 2022

SENDERO RESOURCES CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sendero Resources Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sendero Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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's continuing operations are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. 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 that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Significant estimates and assumptions, note 3 – Accounting policy for exploration and evaluation assets and note 6 Exploration and evaluation assets</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:
Management assesses at each reporting period whether there is an indication that the carrying value of exploration	

and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the property; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.

- Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.
- Confirmed that the Company's right to explore the property had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

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

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 James Roxburgh.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
November 27, 2023

SENDERO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	July 31, 2023	July 31, 2022
ASSETS			
Current			
Cash		\$ 4,827,519	\$ 534,345
GST receivable		9,988	3,366
Prepaid expenses		9,017	-
		4,846,524	537,711
Non-current			
Exploration and evaluation assets	6	2,208,333	1,875,000
		2,208,333	1,875,000
		\$ 7,054,857	\$ 2,412,711
LIABILITIES			
Current			
Trade and other payables	10	\$ 75,353	\$ 370,283
Subscription receipts financing	8	2,202,900	-
		2,278,253	370,283
SHAREHOLDERS' EQUITY			
Common shares	7	6,243,169	2,880,000
Common shares subscribed	7	-	270,750
Reserves	7	105,747	(45,402)
Deficit		(1,572,312)	(1,062,920)
		4,776,604	2,042,428
		\$ 7,054,857	\$ 2,412,711

Nature of operations and continuance of operations (Note 1)

Commitments (Note 12)

Subsequent events (Note 14)

These consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2023.

Approved by the Board of Directors:

Michael Wood

Michael Wood

Hernan Vera

Hernan Vera

See notes to the consolidated financial statements

SENDERO RESOURCES CORP.**CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

(Presented in Canadian Dollars)

	Note	Years ended	
		July 31, 2023	July 31, 2022
Exploration expenses	6	\$ 165,098	\$ 672,302
Administrative expenses			
Accounting and audit		49,609	32,029
Bank charges		6,899	14,233
Consulting fee	10	16,520	58,171
Foreign exchange loss		2,165	2,972
Legal		48,337	49,864
Listing and filing fees		6,282	2,500
Management fee	10	132,859	120,623
Marketing		64,852	66,135
Office expense		17,079	15,532
		<u>344,602</u>	<u>362,059</u>
Other items			
Interest income		(308)	-
Net loss before income taxes		<u>509,392</u>	<u>1,034,361</u>
Other comprehensive loss			
Cumulative translation adjustment		1,521	44,981
Total comprehensive loss for the year		<u>\$ 510,913</u>	<u>\$ 1,079,342</u>
Basic and diluted loss per share		<u>\$ 0.02</u>	<u>\$ 0.05</u>
Weighted average number of common shares outstanding		<u>30,642,947</u>	<u>21,345,139</u>

See notes to the consolidated financial statements

SENDERO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Note	Common Shares		Shares subscribed	Finder's warrants	Reserves		Total	Deficit	Total shareholders' equity
		Number of shares	Amount			Foreign exchange reserve	Total			
Balance as at July 31, 2021		5,500,000	\$ 55,000	\$ 89,693	\$ -	\$ (421)	\$ (421)	\$ (28,559)	\$ 115,713	
Shares issued:										
Asset Purchase Agreement	7(b)	12,500,000	1,875,000	-	-	-	-	-	1,875,000	
Services rendered	7(b)	333,333	50,000	-	-	-	-	-	50,000	
Private placements	7(b)	7,333,333	900,000	(89,693)	-	-	-	-	810,307	
Shares to be issued	7(c)	-	-	270,750	-	-	-	-	270,750	
Net loss and comprehensive loss		-	-	-	-	(44,981)	(44,981)	(1,034,361)	(1,079,342)	
Balance as at July 31, 2022		25,666,666	2,880,000	270,750	-	(45,402)	(45,402)	(1,062,920)	2,042,428	
Shares issued:										
Private placements	7(b)	18,265,250	3,653,050	(270,750)	-	-	-	-	3,382,300	
Property acquisition	7(b)	1,666,667	333,333	-	-	-	-	-	333,333	
Share issue costs	7(b), 8	125,000	(623,214)	-	152,670	-	152,670	-	(470,544)	
Net loss and comprehensive loss		-	-	-	-	(1,521)	(1,521)	(509,392)	(510,913)	
Balance as at July 31, 2023		45,723,583	\$ 6,243,169	\$ -	\$ 152,670	\$ (46,923)	\$ 105,747	\$ (1,572,312)	\$ 4,776,604	

See notes to the consolidated financial statements

SENDERO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Years ended	
	July 31, 2023	July 31, 2022
Cash provided by (used for):		
Operating activities		
Net loss	\$ (509,392)	\$ (1,034,361)
Items not involving cash:		
Management fee paid in common shares	-	50,000
Foreign exchange	(1,521)	(44,981)
Changes in non-cash working capital items:		
GST receivable	(6,622)	(3,366)
Prepaid expenses	(9,017)	-
Trade and other payables	(294,930)	358,596
Cash used in operating activities	<u>(821,482)</u>	<u>(674,112)</u>
Financing activities		
Net proceeds from issuance of common shares	2,911,756	810,307
Subscription receipts financing	2,202,900	-
Shares subscribed	-	270,750
Cash provided by financing activities	<u>5,114,656</u>	<u>1,081,057</u>
Net change in cash	4,293,174	406,945
Cash - beginning of the year	<u>534,345</u>	<u>127,400</u>
Cash - end of the year	<u>\$ 4,827,519</u>	<u>\$ 534,345</u>
Supplemental disclosure with respect to cash flows:		
Common shares issuance pursuant to share issue costs	<u>\$ 25,000</u>	<u>\$ -</u>
Common shares issuance pursuant to property acquisition	<u>\$ 333,333</u>	<u>\$ 1,875,000</u>

See notes to the consolidated financial statements

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND JULY 31, 2022
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Sendero Resources Corp. (the “Company” or “Sendero”) was incorporated on August 4, 2020 under the name of Reyna Gold Corp., changed its name to 1260005 B.C. Ltd. on January 21, 2021, and changed its name to Sendero Resources Corp. on June 1, 2021. The Company is domiciled in Canada under the Business Corporations Act (British Columbia). Its registered office is located at 1900-1040 W. Georgia Street, Vancouver, BC V6E 4H3. Between the date of incorporation and December 31, 2020, the Company was inactive and had no operation.

On March 3, 2023, the Company entered into a binder letter agreement (the “Agreement”) with 1319732 B.C. Ltd. (“131”). Pursuant to the Agreement, the Company and 131 will complete a three-cornered amalgamation (the “Transaction”), resulting in a reverse takeover of 131 by the Company (the “Resulting Issuer”). For accounting purposes, the Company will be treated as the accounting parent, and 131 will be treated as the accounting subsidiary. Concurrently with the completion of the Transaction, the Resulting Issuer will seek to list its common shares for trading on the TSX Venture Exchange (the “Exchange”). As part of the Transaction, the Company completed certain financings (Notes 7(b) and 8). The Transaction completed on September 27, 2023 (Note 14(a)).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage. There are material uncertainties that cast significant doubt about the appropriateness of the going concern assumption.

Management’s plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue in existence.

	July 31, 2023	July 31, 2022
Deficit	\$ (1,572,312)	\$ (1,062,920)
Working capital	\$ 2,568,271	\$ 167,428

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2023 AND JULY 31, 2022
(Presented in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

(b) Basis of preparation

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.

These consolidated financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the July 31, 2023 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiary

The consolidated financial statements include the financial statements of the Company and the entity controlled by the Company (its “subsidiary”). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company’s subsidiary is:

	<u>% of ownership</u>	<u>Jurisdiction</u>	<u>Principal activity</u>
Barton S.A.S.	100%	Argentina	Exploration company

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

Inter-company balances and transactions

Inter-company balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiary in Argentina is the Argentine peso. Exchange differences arising from the translation of the subsidiary's functional currency into the Company's presentation currency are taken directly into the foreign exchange reserve.

Subsidiary

The results and financial position of the Company's subsidiary that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in the foreign entity are taken to the foreign exchange reserve included in Reserves. When a foreign operation is sold, such exchange differences are recognized in the statement of loss as part of the gain or loss on sale.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement 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 private placement 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 fair value attributed to the warrants is recorded as reserves.

Share-based payment transactions

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in reserves are recorded as share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the years presented and accordingly, basic and diluted losses per share are the same.

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where they are considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 which estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as a charge in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a recovery in the statement of comprehensive loss for the period.

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid. The functional currency of its subsidiary in Argentina is the Argentine peso. The Company chooses to report in Canadian dollar as the presentation currency;
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable; and
- The determination that the Company will continue as a going concern for the next year.

SENDERO RESOURCES CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JULY 31, 2023 AND JULY 31, 2022

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)***Income taxes***Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Financial instruments*Financial Assets - Classification*

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value, either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash as subsequently measured at amortized cost.

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its trade and other payables as financial liabilities held at amortized cost.

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada and the Company also has cash held in trust with its lawyer and transfer agent. Accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at July 31, 2023, the Company had a cash balance of \$4,827,519 to settle current liabilities of \$2,278,253, including \$2,202,900 subscription receipt financing (Note 8).

d) Currency risk

The Company's property interest in Argentina make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and the Argentine pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company does not have net monetary liabilities in Argentine pesos.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial assets measured at fair value.

5. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

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6. EXPLORATION AND EVALUATION ASSETS

ARGENTINA

(a) Pena Negras Property

On October 26, 2021, the Company entered into a Share Transfer Agreement (the “Agreement”) with the owner of Barton S.A.S. (“Barton”) whereby the Company acquired 100% of the issued and outstanding share capital of Barton in exchange for the issuance of 12,500,000 common shares to Hernan Vera, a director of the Company. These common shares were valued at \$1,875,000, based on the issue price of the non-brokered private placement that was completed on October 22, 2021 (Note 7(b)). As the only asset or liability in Barton was the Pena Negras property, the entire \$1,875,000 purchase price has been allocated to the property.

The Company holds a 100% interest in the Pena Negras property via Barton. The Pena Negras property is subject to a 1.5% net smelter returns royalty (“NSR”) payable to a director of the Company pursuant to the NSR agreement dated March 1, 2023.

On February 25, 2023, the Company issued 1,666,667 shares at a fair value of \$0.20 per share (\$333,333) to a director of the Company for the acquisition of an additional mineral claim where such claim is subject to a 1.5% NSR (Note 7(b)).

	<u>Pena Negras (Argentina)</u>
Exploration and evaluation assets	
Acquisition costs	
As of July 31, 2021	\$ -
Addition during the year	<u>1,875,000</u>
As of July 31, 2022	1,875,000
Addition during the year	<u>333,333</u>
As of July 31, 2023	<u>\$ 2,208,333</u>

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6. EXPLORATION AND EVALUATION ASSETS (Continued)

ARGENTINA

(a) **Pena Negras Property (Continued)**

	<u>Pena Negras (Argentina)</u>
Mineral exploration expenses for the year ended July 31, 2022	
Camp costs	\$ 45,618
Consulting and reporting	33,144
Field equipment and supplies	29,360
Geology and exploration	453,708
Maintenance costs	3,761
Other property related expenses	22,181
Sampling and assaying	17,975
Transportation and travel	66,555
	<u>\$ 672,302</u>
Mineral exploration expenses for the year ended July 31, 2023	
Camp costs	\$ 9,170
Consulting and reporting	35,328
Field equipment and supplies	9,159
Geology and exploration	66,051
Maintenance costs	3,887
Other property related expenses	969
Sampling and assaying	34,176
Transportation and travel	6,358
	<u>\$ 165,098</u>
Cumulative mineral exploration expenses up to July 31, 2023	
Camp costs	\$ 54,788
Consulting and reporting	68,472
Field equipment and supplies	38,519
Geology and exploration	537,998
Maintenance costs	7,831
Other property related expenses	23,150
Sampling and assaying	52,151
Transportation and travel	72,985
	<u>\$ 855,894</u>

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7. SHARE CAPITAL

(a) Authorized:

At July 31, 2023, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

During the year ended July 31, 2022:

On August 5, 2021, the Company completed a non-brokered private placement by issuing 2,000,000 common shares at a price of \$0.05 per common share for gross proceeds of \$100,000.

On October 20, 2021, the Company completed a non-brokered private placement by issuing 2,482,000 common shares at a price of \$0.15 per common share for gross proceeds of \$372,300.

On October 22, 2021, the Company completed a non-brokered private placement by issuing 2,518,000 common shares at a price of \$0.15 per common share for gross proceeds of \$377,700.

On October 26, 2021, the Company issued 12,500,000 common shares at a value of \$1,875,000 pursuant to the Agreement (Note 6).

On December 3, 2021, the Company completed a non-brokered private placement by issuing 333,333 common shares at a price of \$0.15 per common share for gross proceeds of \$50,000.

On December 16, 2021, the Company issued 333,333 common shares at a value of \$50,000 as a consulting fee to a director of the Company (Note 10).

During the year ended July 31, 2023:

On February 25, 2023, the Company issued 1,666,667 shares at a value of \$333,333 to a director of the Company for the acquisition of a mineral claim (Notes 6 and 10).

On April 27, 2023, the Company completed the first tranche of a non-brokered financing, issuing 15,047,750 units for total proceeds of \$3,009,550. Each unit consists of one common share and a half warrant. Each full warrant is exercisable into one common share of the Company at \$0.30 expiring on September 27, 2025 (Note 14(a)). The Company incurred \$126,122 cash finder's fees and issued 630,612 finder's warrants valued at \$60,539 using the Black-Scholes option pricing model, whereby each finder's warrant entitles the holder to purchase one common share at an exercise price of \$0.20 expiring on September 27, 2025 (Note 14(a)).

On April 27, 2023, the Company also completed a brokered financing (Note 8). In conjunction with the brokered financing, the Company issued 125,000 common shares as corporate finance fee and 771,016 brokered warrants valued at \$74,018 using the Black-Scholes option pricing model, whereby each broker's warrant entitles the holder to purchase one common share at an exercise price of \$0.20 expiring on September 27, 2025 (Note 14(a)).

On May 12, 2023, the Company completed the second tranche of the financing, issuing 1,225,000 units for total proceeds of \$245,000. Each unit consists of one common share and a half warrant. Each full warrant is exercisable into one common share of the Company at \$0.30 expiring on September 27, 2025 (Note 14(a)). The Company incurred \$11,358 in cash finder's fees and issued 56,787 finder's warrants valued at \$5,395 using the Black-Scholes option pricing model, whereby each finder's warrant entitles the holder to purchase one common share at an exercise price of \$0.20 expiring on September 27, 2025 (Note 14(a)).

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7. SHARE CAPITAL (Continued)

(b) Share issuances: (Continued)

During the year ended July 31, 2023: (Continued)

On July 25, 2023, the Company completed the third tranche of the financing, issuing 1,992,500 units for total proceeds of \$398,500. Each unit consists of one common share and a half warrant. Each full warrant is exercisable into one common share of the Company at \$0.30 expiring on September 27, 2025 (Note 14(a)). The Company incurred \$27,650 in cash finder's fees and issued 138,250 finder's warrants valued at \$12,718 using the Black-Scholes option pricing model, whereby each finder's warrant entitles the holder to purchase one common share at an exercise price of \$0.20 expiring on September 27, 2025 (Note 14(a)).

In conjunction with these three tranches, the Company incurred an additional \$51,400 share issue costs.

(c) Shares subscribed:

During the year ended July 31, 2022:

The Company received \$270,750 related to shares that were issued during the year ended July 31, 2023 (Note 7(b)).

(d) Warrants:

The continuity of warrants for the year ended July 31, 2023 is as follows:

Expiry date	Exercise price	July 31, 2022	Issued	Exercised	Expired	July 31, 2023
September 27, 2025	\$ 0.30	-	9,132,625	-	-	9,132,625
Warrants outstanding		-	9,132,625	-	-	9,132,625
Weighted average exercise price	\$	-	\$ 0.30	\$	-	\$ 0.30

As at July 31, 2023, the weighted average contractual remaining life of warrants is 2.16 years.

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7. SHARE CAPITAL (Continued)

(e) Finder's / Broker's Warrants:

The continuity of finder's and broker's warrants for the year ended July 31, 2023 is as follows:

Expiry date	Exercise price	July 31, 2022	Issued	Exercised	Expired	July 31, 2023
September 27, 2025	\$ 0.20	-	1,596,665	-	-	1,596,665
Finder's warrants outstanding		-	1,596,665	-	-	1,596,665
Weighted average exercise price	\$	-	\$ 0.20	\$	-	\$ 0.20

As at July 31, 2023, the weighted average contractual remaining life of warrants is 2.16 years.

The weighted average assumptions used to estimate the fair value of finder's warrants for the year ended July 31, 2023 were as follows:

	2023
Expected dividend yield	0.00%
Expected stock price volatility	80.99% - 86.49%
Risk-free interest rate	3.76% - 4.78%
Forfeiture rate	0.00%
Expected life of warrants	2 years

8. SUBSCRIPTION RECEIPTS FINANCING

On April 27, 2023, the Company completed a brokered financing, issuing 11,014,500 subscription receipts for gross proceeds of \$2,202,900. As part of the brokered financing, a total of \$154,203 in broker's fees and \$99,811 in other share issue costs were incurred. The net proceeds from this brokered financing of \$1,948,886 were held in trust as of July 31, 2023 and were released to the Company upon the completion of the Transaction (Note 14(a)).

Each subscription receipt, upon the completion of the Transaction, was converted into one common share of the Resulting Issuer and a half warrant. Each full warrant associated with these subscription receipts is exercisable into one common share of the Resulting Issuer at \$0.30 and expire on September 27, 2025 (Note 14(a)).

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9. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for year ended July 31, 2023 was based on the loss attributable to common shareholders of \$509,392 (year ended July 31, 2022 – \$1,034,361) and a weighted average number of common shares outstanding of 30,642,947 (year ended July 31, 2022 – 21,345,139).

Diluted loss per share did not include the effect of the 9,132,625 warrants and 1,596,665 finders' and broker's warrants (July 31, 2022 – Nil warrants and Nil finders' and brokers' warrants) since they were anti-dilutive.

10. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended July 31, 2023:

	Cash payments	Shares issued	TOTAL
Hernan Vera ⁽²⁾ Director	\$ 42,859	\$ 333,333	\$ 376,192
Michael Wood ⁽⁴⁾ Director	\$ 15,000	\$ -	\$ 15,000
Matt Hudson ⁽³⁾ Former Chief Executive Officer	\$ 75,000	\$ -	\$ 75,000

For the year ended July 31, 2022:

	Cash payments	Shares issued	TOTAL
Mit Tilkov ⁽¹⁾ Former Chief Executive Officer, former Director	\$ 21,000	\$ -	\$ 21,000
Hernan Vera ⁽²⁾ Director	\$ 27,441	\$ 50,000	\$ 77,441
Matt Hudson ⁽³⁾ Chief Executive Officer	\$ 90,000	\$ -	\$ 90,000

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10. RELATED PARTY TRANSACTIONS (Continued)

Related party transactions and balances:

	Services for:	Years ended		Amounts included in Trade and other payables	
		July 31, 2023	July 31, 2022	As at July 31, 2023	As at July 31, 2022
0851901 BC Ltd ⁽¹⁾	Management fee	\$ -	\$ 21,000	\$ -	\$ -
Hernan Vera ⁽²⁾	Management fee, geology consulting and property acquisition	361,192	77,441	2,323	-
Aerospace Industries Pty Ltd ⁽³⁾	Management fee	75,000	-	-	-
Kimon Pty Ltd ⁽³⁾	Management fee	-	90,000	-	-
Independence Fortaleza, Sociedad Limitada ⁽²⁾	Management fee	15,000	-	15,000	-
Athena Jade Limited ⁽⁴⁾	Management fee	15,000	-	15,000	-
Total		\$ 466,192	\$ 188,441	\$ 32,323	\$ -

⁽¹⁾ Mit Tilkov's cash payments as the former Chief Executive Officer were paid through 0851901 B.C. Ltd., a private company owned by Mr. Tiklov.

⁽²⁾ Hernan Vera received 333,333 shares as consulting fee during fiscal 2022 and 1,666,667 shares for the sale of a mineral claim during fiscal 2023 (Note 7(b)). Starting July 2023, Mr. Vera receives \$15,000 per month payment paid to his company Independence Fortaleza, Sociedad Limitada (Note 12).

⁽³⁾ Matt Hudson's cash payments paid to Kimon Pty Ltd, a private company owned by Mr. Hudson, during fiscal 2022; and paid to Aerospace Industries Pty Ltd., a private company owned by Mr. Hudson, during fiscal 2023. Mr. Hudson resigned from being the Chief Executive Officer effective December 31, 2022.

⁽⁴⁾ Starting July 2023, Michael Wood receives \$15,000 per month payment paid to his company Athena Jade Limited (Note 12).

All related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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11. INCOME TAXES

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

	Years ended	
	July 31, 2023	July 31, 2022
Net loss for the year	\$ 509,392	\$ 1,034,361
Statutory tax rate	26.34%	26.15%
Expected income tax recovery	134,176	270,497
Deductible and non-deductible amounts	118,561	(76,236)
Change in valuation allowance	(252,737)	(194,261)
Income tax recovery	\$ -	\$ -

The components of the Company's deferred income tax asset is as follows:

	July 31,	
	2023	2022
Loss carry-forwards	\$ 344,236	\$ 198,537
Share issue costs	107,038	-
	451,274	198,537
Valuation allowance	(451,274)	(198,537)
Net deferred income tax assets	\$ -	\$ -

The Company's Canadian non-capital loss carry-forwards expire as follows:

Loss carry-forwards	
2041	\$ 9,500
2042	313,000
2043	381,000
	\$ 703,500

The Company also has Argentina non-capital loss carry-forwards of approximately \$618,000.

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12. COMMITMENTS

Executive compensation

On February 23, 2023, the Company signed two executive management agreements with Hernan Vera (Chief Executive Officer) and Michael Wood (Executive Chairman) whereby the Company issued 1,000,000 common shares to Mr. Wood's company upon the completion of several milestones, including the completion of the Transaction and issued 1,670,355 common shares to Mr. Vera (based on \$5,855,950 raised) upon the completion of several milestones, including the completion of the Transaction. Mr. Vera and Mr. Wood will also be getting monthly compensation of \$15,000 per person effective July 2023. Each person is entitled to receive a \$75,000 cash bonus for the completion of the Transaction (Note 14(a)).

13. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, being the acquisition and exploration of mineral properties and all its non-current assets and mineral exploration expenses are in one geographic location being Argentina.

14. SUBSEQUENT EVENTS

(a) Transaction

On September 27, 2023, the Company and 131 completed the Transaction and began trading on the Exchange under the symbol "SEND" effective October 4, 2023.

The Transaction is being accounted for as a capital transaction in which Sendero is being identified as the acquirer of 131 and equity consideration is being measured at fair value. The Transaction does not constitute a business combination under IFRS 3 and is therefore accounted for in the financial statements of the Resulting Issuer as a continuation of the financial statements of Sendero, subject to a deemed issuance of shares and re-capitalization of the Resulting Issuer's equity.

With the escrow release conditions being satisfied on September 27, 2023:

- i. the subscription receipt financing net proceeds of \$1,948,886 were released to the Company;
- ii. the 11,014,500 subscription receipts were converted into 11,014,500 common shares of the Resulting Issuer and 5,507,250 warrants; and
- iii. the expiry date for all the warrants, broker warrants and finder's warrants was established as September 27, 2025.

In conjunction with the Transaction, Mr. Wood received 1,000,000 common shares and Mr. Vera received 1,670,355 common shares. The Resulting Issuer also granted 5,300,000 stock options to its directors, officers and consultants at an exercise price of \$0.20 for a period of five years expiring on September 27, 2028.

Pursuant to the Transaction, 21,622,643 common shares were placed in escrow in accordance with the escrow agreement dated September 27, 2023, whereby 10% of the escrowed common shares were released on September 27, 2023 and 15% every six months thereafter. Another 6,858,333 common shares were placed under a pooling arrangement, whereby 20% of these common shares were released on September 27, 2023 and 20% every three months thereafter.

(b) Exercise of finder's warrants

On November 21, 2023, 85,733 finders' warrants were exercised.