

Sendero Resources Corp. (Formerly “1319732 B.C. Ltd.”)

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended July 31, 2023 and for the
period from incorporation (August 13, 2021) to
July 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sendero Resources Corp. (Formerly, 1319732 B.C. Ltd.)

Opinion

We have audited the consolidated financial statements of Sendero Resources Corp. (Formerly, 1319732 B.C. Ltd.) (the “Company”), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the year ended July 31, 2023 and the period from incorporation (August 13, 2021) to July 31, 2022, and notes to the consolidated financial statements, 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 year ended July 31, 2023 and the period from incorporation (August 13, 2021) to July 31, 2022 in accordance with International Financial Reporting Standards (IFRS).

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 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 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Other Information

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

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

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.

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.

The engagement partner on the audit resulting in this independent auditor's report is George G. Lovrics.

Toronto, Ontario
November 24, 2023

Stern & Lovrics LLP

Chartered Professional Accountants
Licensed Public Accountants

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)
 Consolidated Statements of Financial Position
 (Expressed in Canadian dollars)

As at		July 31, 2023	July 31, 2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash		-	7,379
TOTAL ASSETS		-	7,379
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities		29,589	32,190
Loans payable	5	16,171	-
TOTAL LIABILITIES		45,760	32,190
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	172,503	35,576
Deficit		(218,263)	(60,387)
Total Shareholders' Equity (Deficiency)		(45,760)	(24,811)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		-	7,379

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

Approved on Behalf of the Board on November 24, 2023:

“Hernan Vera”
 Hernan Vera – CEO/Director

“Michael Wood”
 Michael Wood – CFO/Director

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

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended July 31, 2023	Period from incorporation (August 13, 2021) to July 31, 2022
Professional fees	\$ 15,547	\$ 9,223
Corporate management fees	125,000	-
Legal expenses	14,568	46,216
Filing expenses	2,761	4,948
	\$ (157,876)	\$ (60,387)
Net loss and comprehensive loss for the period	\$ (157,876)	\$ (60,387)
Weighted average number of shares outstanding		
- Basic and Diluted	5,324,971	2,405,241
Basic and diluted loss per share (Note 7)	\$ (0.03)	\$ (0.03)

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

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)
Consolidated Statements of Changes in Shareholders Equity
(Expressed in Canadian dollars)

	<u>Share Capital</u>		Deficit	<u>Total Shareholders’ Equity</u>
	Number	Amount		
Balance, August 13, 2021	-	\$ -	\$ -	\$ -
Shares issued during the period (Note 6)	3,904,579	35,576	-	35,576
Loss for the period	-	-	(60,387)	(60,387)
Balance, July 31, 2022	3,904,579	\$ 35,576	\$ (60,387)	\$ (24,811)
Balance, August 1, 2022	3,904,579	\$ 35,576	(60,387)	(24,811)
Shares issued for debt (Note 6)	2,095,421	136,928	-	136,928
Shares repurchased and cancelled (Notes 6)	(2,000,000)	(1)	-	(1)
Loss for the year	-	-	(157,876)	(157,876)
Balance, July 31, 2023	4,000,000	\$ 172,503	\$ (218,263)	\$ (45,760)

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

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)
Consolidated Statements of Cash flows
(Expressed in Canadian dollars)

	Year ended July 31, 2023	For the period from incorporation (August 13, 2021) to July 31, 2022
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	(157,876)	(60,387)
Shares issued to settle debt (Note 6)	136,928	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(2,601)	32,190
Loans payable	16,171	-
Cash flows used in operating activities	(7,378)	(28,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	-	35,576
Shares repurchased	(1)	-
Net Cash from (used in) financing activities	(1)	35,576
Change in cash during the period	(7,379)	7,379
Cash, beginning of period	7,379	-
Cash, end of period	-	7,379

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

Sendero Resources Corp. (Formerly "1319732 B.C. LTD.")

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sendero Resources Corp. (Formerly "1319732 BC Ltd.") (the "**Company**", "**Sendero**" or "**732**") was incorporated under the British Columbia Business Corporations Act on August 13, 2021. The head office is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 and records and registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

On October 21, 2021, Rio Verde Industries Inc. ("**Rio Verde**") received a final order (the "**Final Order**") from the Supreme Court of British Columbia approving the previously announced statutory plan of arrangement with its wholly-owned subsidiaries, 1319472 B.C. Ltd., 1319651 B.C. Ltd., 1319732 B.C. Ltd., 1319735 B.C. Ltd., 1319738 B.C. Ltd., 1319741 B.C. Ltd., and 1319743 B.C. Ltd. (the "**Plan of Arrangement**"). Receipt of the Final Order follows Rio Verde's special meeting of shareholders held on Monday, October 4, 2021 (the "**Meeting**"), where the Plan of Arrangement was overwhelmingly approved by a total of 23,532,011 common shares in the capital of Rio Verde ("**Rio Verde Shares**") having voted in favour representing 98.5% of the total number of Rio Verde Shares represented in person and by proxy at the Meeting.

The Plan of Arrangement closed on October 20, 2021.

Pursuant to the Plan of Arrangement, the shareholders of Rio Verde now hold common shares in the following former subsidiaries of Rio Verde: 1319472 B.C. Ltd., 1319651 B.C. Ltd., 1319732 B.C. Ltd., 1319735 B.C. Ltd., 1319738 B.C. Ltd., 1319741 B.C. Ltd., and 1319743 B.C. Ltd. (collectively referred to as the "**Spincos**") Each of the Spincos is now an unlisted reporting issuer in the provinces of British Columbia and Alberta. Shareholders of Rio Verde continue to hold their interest in Rio Verde.

Pursuant to the terms of the Plan of Arrangement: i) Rio Verde altered its share capital to create the additional classes of common shares (the "**New Common Shares**") and Reorganization Shares (as defined below); (ii) each of the Rio Verde Shares was exchanged for one New Common Share, one Class 1 Reorganization Share, one Class 2 Reorganization Share, one Class 3 Reorganization Share, one Class 4 Reorganization Share, one Class 5 Reorganization Share, one Class 6 Reorganization Share and one Class 7 Reorganization Share of Rio Verde (collectively referred to as the "**Reorganization Shares**"), and all of the Rio Verde Shares outstanding prior to the Plan of Arrangement were cancelled; (iii) one class of the Reorganization Shares were transferred to each Spinco in exchange for common shares of each Spinco on a 1:1 basis and Rio Verde redeemed all Reorganization Shares through the transfer to each Spinco \$5,000 of working capital; and (iv) the Rio Verde altered its share capital so that only the New Common Shares remain, were redesignated as "common shares" and deemed to be represented by the same certificate as the previously issued and outstanding Rio Verde Shares.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

On April 1, 2022 the Company and Canyon Gold & Gravel Inc. ("CGG") announced that the companies have entered into a binding letter agreement (the "Agreement") which sets forth, in general terms, the basic terms and conditions upon which 732 BC and CGG will combine their business operations resulting in a reverse takeover (the "RTO") of 732 BC by CGG and its shareholders.

On July 7, 2022, the Company announced that the letter agreement (the "Agreement") with Canyon Gold & Gravel Inc. ("CGG") as previously announced on April 1, 2022 has been terminated and the proposed transaction will not proceed.

On March 3, 2023, Sendero Resources Corp., a private company incorporated under the laws of the Province of British Columbia with mineral assets in the Peñas Negras region of Argentina, announced a proposed financing for aggregate gross proceeds of \$4,000,000 and the entering into of a binding letter agreement dated March 2, 2023 (the "Agreement") with 1319732 B.C. Ltd. Pursuant to the Agreement, Sendero and 131 will complete a three-cornered amalgamation (the "Transaction"), subject to the terms and conditions outlined below, with the ultimate result that the resulting successor of the Company (the "Resulting Issuer") will continue on as a reporting issuer and 100% owner of the business of Sendero.

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").

Sendero, through its wholly owned subsidiary, Barton SAS, holds a 100% interest of the 120 km² Peñas Negras Project (the "Property"), located in the Vicuna district of Argentina. The Property is surrounded by significant copper discoveries belonging to Filo Mining (Filo Del Sol Project), Lundin Mining (Josemaria Project), and NGEx Minerals (Los Helados Project). Sendero will look to take advantage of its experience and operational knowledge to advance high priority drilling targets.

On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 2819971 common shares in the capital of the Company (the "Common Shares") at a price of \$0.01084 per share.

These consolidated financial statements have been prepared in accordance with IFRS (as defined below) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. At July 31, 2023, the Company had no sources of revenue and had an accumulated deficit of \$218,263 (July 31, 2022 - \$60,387). At July 31, 2023, the Company had cash of \$Nil (July 31, 2022 - \$7,379) and working capital deficit of \$45,760 (July 31, 2022 - \$24,811). These conditions raise material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Continuing business as a going concern is dependent upon the ability of the Company to obtain additional debt or equity financing, both of which are uncertain. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

Should the Company be unable to realize its assets or discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the financial statements. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which include international accounting standards and interpretations (“IFRIC”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been prepared on a historical cost basis, except for cash which is classified at fair value through profit and loss. In addition, these consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

These consolidated financial statements for the year ended July 31, 2023 was authorized by the Board of Directors for issuance on November 24, 2023.

Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These consolidated financial statements include the accounts of the Company and all its subsidiaries. Intercompany accounts and balances are eliminated upon consolidation.

Name of Subsidiary	Country of incorporation	Functional currency	2023 Percentage ownership
1409689 B.C. Ltd	Canada	CAD	100%

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

a. Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Significant Estimates

a. Going concern

Management assessment of going concern and uncertainties of the Company’s ability to raise additional capital and/or obtain financing to meet its commitments.

Cash

Cash is comprised of cash on hand and in a Lawyers Trust account.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Financial instruments

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

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

The measurement of the Company's financial instruments is disclosed in Note 9 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The following table shows the classification of the Company's financial instruments:

Financial asset Classification

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Income taxes

Income tax expense 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. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recognized in respect of temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets and liabilities that affect neither accounting nor taxable loss 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.

IFRS pronouncements not yet implemented

Certain new IFRS standards and interpretations have been issued but are not shown as they are not expected to have a material impact on the Company’s financial statements.

4. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

On October 20, 2021, Shimcity Inc. (“Shimcity”), a corporation controlled by the former director of the Company, and 2657456 Ontario Inc. (“265”), a corporation controlled by the former director of the Company (collectively, the “Acquirors”) acquired an aggregate of 1,084,608 Common Shares.

On January 21, 2022, pursuant to a private placement, both Shimcity and 265 acquired 1,409,990 Common Shares each.

On August 25, 2022, the Company issued 1,000,000 Common shares each at a price of \$0.10 per share to settle debt owed to 2674049 Ontario Inc. (“267 Ontario”) of Toronto, Ontario, a Company controlled by a former director of the Company and 1000294101 Ontario Inc. (“101 Ontario”), of Toronto, Ontario, a company in which a former director is an officer.

On April 25, 2023, the Company announced that it has entered into share repurchase agreements with 1000294101 Ontario Inc. and Shimcity Inc. Please see note 6 below.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

4. RELATED PARTY TRANSACTIONS (continued)

Prior to the completion of the offering, each of Shimcity and 2657456 Ontario Inc. (“265 Ontario” and together, the “Transferors”), of Toronto, Ontario, transferred 976,144 Common Shares to 2578218 Ontario (“218 Ontario”) at an aggregate purchase price of \$0.50, in a private transaction (the “Share Transfer”). In connection with the Share Transfer, the Transferors entered into separate options agreement (the “Agreements”) with 218 Ontario pursuant to which the Transferors may repurchase the Common Shares transferred at a price equal to the purchase price, at a later date and subject to certain conditions. Under the Agreements, 218 Ontario has also assigned voting rights applicable to the Common Shares to the Transferors.

5. LOANS PAYABLE

Loans payable bear no interest and have no stated terms of repayment.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common and preferred shares without par value.

(b) Issued and outstanding

As at July 31, 2023, the Company had the following common shares issued and outstanding.

	Number of Shares	Amount (\$)
Shares issued – August 13, 2021	-	-
Shares issued – October 20, 2021 ⁽ⁱ⁾	1,084,608	5,000
Shares issued – January 21, 2022 ⁽ⁱⁱ⁾	2,819,971	30,576
Balance, July 31, 2022	3,904,579	35,576
Shares issued for debt ⁽ⁱⁱⁱ⁾	2,095,421	136,928
Shares repurchased and cancelled ^(iv)	(2,000,000)	(1)
Balance, July 31, 2023	4,000,000	172,503

- i) Pursuant to the terms of the Plan of Arrangement effective on October 20, 2021 each of the Rio Verde Shares was exchanged for one New Common Share and seven new classes of Reorganization Shares. The Reorganization Shares were then transferred by the shareholders of Rio Verde, including the Acquirors, to each of the Spincos in exchange for common shares of the Spincos on a 1:1 basis. In addition, each of the Spincos received \$5,000 in working capital from Rio Verde.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

- (ii) On January 21, 2022, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$30,576 through the issuance of 2,819,971 common shares (post consolidation shares) in the capital of the Company at a price of \$0.01084 per share.

On January 27, 2022 the Company completed a share consolidation (the "Consolidation") of its common shares by exchanging one (1) new post-Consolidation Share for every three million two hundred sixty-seven thousand nine hundred and seventy-three (3,267,973) pre-Consolidation Shares as authorized by a resolution passed by the board of directors of the Company effective January 27, 2022 in accordance to the Company's Articles of Incorporation.

- (iii) On August 25, 2022, the shareholders of the Corporation by unanimous resolution approved the split of the issued and outstanding Common Shares on the basis of a ratio 67,788 post-split Common Share for every 1 pre-split Common Share held, such that the Corporation has immediately after the split 3,904,579 Common Shares issued and outstanding on a post-split basis (the "Stock Split"). All references to the number of shares and per share amounts have been retrospectively restated as if the share consolidation occurred effective August 31, 2021. The Company also announced the completion of a debt settlement of \$136,928 by issuing an aggregate of 2,095,421 Common Shares.
- (iv) On April 25, 2023, the Company announced that it has entered into share repurchase agreements with 1000294101 Ontario Inc. ("10002 ON") and Shimcity Inc. ("Shimcity", together with 10002 ON, the "Transferors") respectively dated April 25, 2023 pursuant to which 1,000,000 common shares (the "Transferred Shares") were repurchased by the Company from each Transferor for cancellation at an aggregate purchase price of \$1 (the "Share Repurchase").
- (v) On September 25, 2023, the Company completed a 1 to 1.6 share split. All references to the number of shares and per share amounts have been retrospectively restated as if the share split occurred effective August 13, 2021.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended July 31, 2023 was based on the loss attributable to common shareholders of \$157,876 for the year ended July 31, 2023.

8. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity (deficiency) and any debt that it may issue. 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 credit worthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

8. MANAGEMENT OF CAPITAL (continued)

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company’s management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders deficiency, comprising common shares and deficit which at July 31, 2023 totalled a deficiency of \$218,263 (July 31, 2022 - \$60,387). As at July 31, 2023, the Company is not subject to any externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at July 31, 2023, the Company is not exposed to currency risk.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company’s sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

iii. Price rate risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company’s limited market exposure at this time it has assessed there to be a low level of price rate risk.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At July 31, 2023, the Company has limited sources of revenue and has a cash balance of \$Nil (July 31, 2022 - \$7,379) to settle current liabilities of \$45,760 (July 31, 2022 - \$32,190). As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

Until such time as the Company's investments, if any, increase in value or begin generating significant dividend income, the Company will remain dependent upon the financial support of its shareholders and debt holders or the sale of investments. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. Consequently, the Company is exposed to liquidity risk as at July 31, 2023.

Fair Value Risk

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. All of the Company's investments are carried on a FVTPL basis and are recorded at their fair value. As such, changes in fair value affect earnings as they occur.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)**10. INCOME TAXES**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rate of 26.5%:

	2023	2022
Net loss before income taxes	(157,876)	(60,387)
Expected income tax recovery at statutory rates	41,750	16,003
Change in unrecognized deferred tax assets	(41,750)	(16,003)
Income tax expense (recovery)	-	-

Significant components of the Company’s deferred tax assets not recognized are shown below:

	2023	2022
Non capital losses carried forward	218,263	60,387
Total	218,263	60,387

Deferred tax assets have not been recognized in respect of the non-capital losses carried forward as it is not probable that future taxable profit will be available against which the Company can use the benefits.

These losses which may reduce taxable income in future years, expire as follows.

2042	60,387
2043	157,876
Total	218,263

11. SUBSEQUENT EVENTS

On September 27, 2023, the Company announced that it has closed its previously announced business combination with Sendero Resources Corp. (the “Target”), a private company incorporated under the laws of the Province of British Columbia with mining assets located in Argentina. The Company will carry on the business of the Target, which is now a wholly owned subsidiary of the Company.

The TSX Venture Exchange (“TSXV”) has conditionally approved the listing of the Shares (the “Listing”). The Listing is conditional on the Company and the Amalco (as defined below) fulfilling a number of conditions on or before November 17, 2023. It is expected that these conditions precedent will be satisfied and the common shares of the Company (the “Shares”) are expected to commence trading on the TSXV under the new ticker symbol “SEND” on or about October 4, 2023.

Sendero Resources Corp. (Formerly “1319732 B.C. LTD.”)

Notes to the Consolidated Financial Statements

For the year ended July 31, 2023 and for the period from incorporation (August 13, 2021) to July 31, 2022
(Expressed in Canadian dollars)

11. SUBSEQUENT EVENTS (continued)

Transaction

Prior to the completion of the Transaction, the Company changed its name from “1319732 B.C. Ltd.” to “Sendero Resources Corp.” (the “Name Change”). The Name Change was approved by the shareholders of the Company on September 25, 2023.

The Transaction was completed by way of a “three-cornered” amalgamation pursuant to the provisions of the Business Corporations Act (British Columbia). Pursuant to the Transaction, all common shares of the Target (the “Target Shares”) were exchanged for Shares on a one-for-one basis and the Target and 1409689 B.C. Ltd., a wholly-owned subsidiary of the Company, amalgamated with the Target continuing as a wholly-owned subsidiary of the Company under the name “Sendero Holdings Ltd.” (formerly Sendero Resources Corp.) (“Amalco”). With the completion of the Transaction, the Company has 65,408,438 Shares issued and outstanding (on an undiluted basis) and has issued warrants and options convertible into a further 21,536,540 Shares.

In connection with the transaction, on April 27, 2023, the Target completed a brokered private placement of 11,014,500 subscription receipts (the “Subscription Receipts”) at a price of \$0.20 per Subscription Receipt for gross proceeds of \$2,202,900. Echelon Wealth Partners Inc., M Partners Inc. and PI Financial Corp. acted as agents in respect of the offering of Subscription Receipts. Immediately prior to the closing of the Transaction, each Subscription Receipt was converted into one common share of the Target and one half of one common share purchase warrant pursuant to the terms of a subscription receipt agreement between the Target, Echelon Wealth Partners Inc., and Odyssey Trust Company (the “Subscription Receipt Agreement”), and such Target common shares and warrants were in turn exchanged for Shares pursuant to the Transaction. In addition, escrowed proceeds were also released in accordance with the provisions of the Subscription Receipt Agreement. In addition, between April 27, 2023, and July 25, 2023, the Target completed a non-brokered placement of 18,265,250 units (the “Non-Brokered Unit”) at a price of \$0.20 per Non-Brokered Unit for gross proceeds of \$3,653,050. Each Non-Brokered Unit is comprised of one Target common share and one half of one common share purchase warrants.

Debt settlement

On September 13, 2023, the Company entered into debt settlement agreements with certain creditors whereby total loans payable for \$16,171 was forgiven for a nominal amount of \$1 to each of the creditors.

On September 13, 2023, the Company also entered into a debt settlement agreement with certain accounts payable where an amount of \$18,515 was forgiven.