



SENDERO RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended July 31, 2024 and 2023

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, 2024 and 2023, 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 the material 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, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting 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 7 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	<ul style="list-style-type: none"> Assessed the Company market capitalization in comparison to the Company's net assets, which may be an indication of impairment.

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, 2024

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

	Note	July 31, 2024	July 31, 2023
ASSETS			
Current			
Cash		\$ 209,425	\$ 4,827,519
GST receivable		43,588	9,988
Prepaid expenses		30,171	9,017
		<u>283,184</u>	<u>4,846,524</u>
Non-current			
Exploration and evaluation assets	7	2,208,333	2,208,333
VAT receivable		979,711	-
		<u>3,188,044</u>	<u>2,208,333</u>
		<u>\$ 3,471,228</u>	<u>\$ 7,054,857</u>
LIABILITIES			
Current			
Trade and other payables	11	\$ 2,755,871	\$ 75,353
Subscription receipts financing	9	-	2,202,900
		<u>2,755,871</u>	<u>2,278,253</u>
SHAREHOLDERS' EQUITY			
Common shares	8	10,566,045	6,243,169
Reserves	8	867,873	105,747
Deficit		(10,718,561)	(1,572,312)
		<u>715,357</u>	<u>4,776,604</u>
		<u>\$ 3,471,228</u>	<u>\$ 7,054,857</u>

Nature of operations and continuance of operations (Note 1)

Commitments (Note 13)

Subsequent events (Note 15)

These consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2024.

Approved by the Board of Directors:

Michael Wood

Michael Wood

Alex Gostevskikh

Alex Gostevskikh

See notes to the consolidated financial statements

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

(Presented in Canadian Dollars)

		Years ended July 31,	
	Note	2024	2023
Exploration expenses	7	\$ 5,758,568	\$ 165,098
Administrative expenses			
Accounting and audit		183,855	49,609
Bank charges		193,571	6,899
Bonus	11	534,071	-
Consulting fees		246,197	16,520
Foreign exchange (gain) loss		(620,294)	2,165
Legal		95,652	48,337
Listing and filing fees		93,208	6,282
Management fee	11	255,000	132,859
Marketing		278,528	64,852
Office expense		64,739	17,079
Reverse takeover listing expense	6	1,200,000	-
Share-based compensation	8	786,226	-
Travel		113,854	-
		<u>3,424,607</u>	<u>344,602</u>
Other items			
Interest income		(36,926)	(308)
Net loss before income taxes		9,146,249	509,392
Other comprehensive loss			
Cumulative translation adjustment		(238,886)	1,521
Total comprehensive loss for the year		<u>\$ 8,907,363</u>	<u>\$ 510,913</u>
Basic and diluted loss per share*	10	<u>\$ 1.41</u>	<u>\$ 0.17</u>
Weighted average number of common shares outstanding*	10	6,294,983	3,064,295

* Subsequent to July 31, 2024, the Company consolidated its common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. The Company's basic and diluted loss per share has been presented on a post-consolidation basis. Unless otherwise stated, all other share capital amounts are presented on a pre-consolidation basis.

See notes to the consolidated financial statements

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

	Note	Common Shares		Reserves					Total shareholders' equity	
		Number of shares	Amount	Shares subscribed	Finder's warrants	Share-based compensation	Foreign exchange reserve	Total		Deficit
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	8(b)	18,265,250	3,653,050	(270,750)	-	-	-	-	-	3,382,300
Property acquisition	8(b)	1,666,667	333,333	-	-	-	-	-	-	333,333
Share issue costs	8(b), 9	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
Shares issued:										
Reverse takeover ("RTO")	6, 8(b)	6,000,000	1,200,000	-	-	-	-	-	-	1,200,000
Conversion of subscription receipts	8(b)	11,014,500	2,202,900	-	-	-	-	-	-	2,202,900
Bonus shares to management	8(b)	2,670,355	534,071	-	-	-	-	-	-	534,071
Exercise of finder's warrants	8(g)	190,982	56,433	-	(18,236)	-	-	(18,236)	-	38,197
Exercise of warrants	8(f)	680,000	204,000	-	-	-	-	-	-	204,000
Exercise of options	8(e)	125,000	42,250	-	-	(17,250)	-	(17,250)	-	25,000
RSU vested	8(d)	3,500,000	227,500	-	-	(227,500)	-	(227,500)	-	-
Share issue costs	8(b)	-	(144,278)	-	-	-	-	-	-	(144,278)
Share-based compensation	8(d), 8(e)	-	-	-	-	786,226	-	786,226	-	786,226
Net loss and comprehensive loss		-	-	-	-	-	238,886	238,886	(9,146,249)	(8,907,363)
Balance as at July 31, 2024		69,904,420	\$ 10,566,045	\$ -	\$ 134,434	\$ 541,476	\$ 191,963	\$ 867,873	\$ (10,718,561)	\$ 715,357

See notes to the consolidated financial statements

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

	Years ended July 31,	
	2024	2023
Cash provided by (used for):		
Operating activities		
Net loss	\$(9,146,249)	\$ (509,392)
Items not involving cash:		
Management fee paid in common shares	534,071	-
Reverse takeover listing expense	1,200,000	-
Share-based compensation	786,226	-
Foreign exchange	238,886	(1,521)
Changes in non-cash working capital items		
GST receivable	(33,600)	(6,622)
Prepaid expenses	(21,154)	(9,017)
Trade and other payables	2,639,993	(294,930)
Cash used in operating activities	<u>(3,801,827)</u>	<u>(821,482)</u>
Investing activities		
VAT receivable	(979,711)	-
Cash used in investing activities	<u>(979,711)</u>	<u>-</u>
Financing activities		
Proceeds from issuance of common shares	-	3,653,050
Subscription receipts financing	-	2,202,900
Share issue costs	(103,753)	(470,544)
Shares subscribed	-	(270,750)
Proceeds from exercise of finder's warrants	38,197	-
Proceeds from exercise of warrants	204,000	-
Proceeds from exercise of options	25,000	-
Cash provided by financing activities	<u>163,444</u>	<u>5,114,656</u>
Net change in cash	(4,618,094)	4,293,174
Cash – beginning of the year	4,827,519	534,345
Cash – end of the year	\$ 209,425	\$ 4,827,519
<i>Supplemental disclosure with respect to cash flows:</i>		
Common shares issuance pursuant to RTO listing expense	\$ 1,200,000	\$ -
Common shares issuance pursuant to management fees bonus payments	\$ 534,071	\$ -
Common shares issuance pursuant to restricted share units	\$ 227,500	\$ -
Common shares issuance pursuant to property acquisition	\$ -	\$ 333,333
Common shares issuance pursuant to share issue costs	\$ -	\$ 25,000
Share issue costs included in trade in other payables	\$ 40,525	\$ -

See notes to the consolidated financial statements

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Sendero Resources Corp. (formerly 1319732 B.C. Ltd.) (the “Company”) was incorporated in British Columbia, Canada under the Business Corporations Act on August 13, 2021 under the name of 1319732 B.C. Ltd. (“131”). The Company changed its name to Sendero Resources Corp. on September 27, 2023. The Company’s registered office is located at 1900-1040 W. Georgia Street, Vancouver, BC, V6E 4H3.

Sendero Holdings Ltd. (formerly Sendero Resources Corp.) (“Sendero Holdings”) 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. Sendero Holdings 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, Sendero Holdings was inactive and no operation.

On September 27, 2023, 131 completed the acquisition of Sendero Holdings pursuant to an amalgamation agreement dated April 27, 2023 (the “Transaction”). For accounting purposes, the Transaction constitutes a reverse takeover (“RTO”) (see Note 6).

The Company continues to be a reporting issuer in British Columbia and Alberta, and the Company’s common shares were re-listed on the TSX Venture Exchange (the “Exchange”) under the new symbol “SEND”, effective October 4, 2023.

These consolidated financial statements have been prepared in accordance with IFRS Accounting 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, 2024	July 31, 2023
Deficit	\$ (10,718,561)	\$ (1,572,312)
Working capital (deficiency)	\$ (2,472,687)	\$ 2,568,271

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(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

The Company has adopted these amendments effective August 1, 2023. The Company adopted narrow-scope amendments to IAS 1. These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The adoption of this amendment reduced disclosures of the Company's accounting policies in the consolidated financial statements.

The Company adopted amendments to IAS 8 – Definition of Accounting Estimates. These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The adoption of this amendment did not have a significant impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its "subsidiaries"). 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 subsidiaries are:

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

The subsidiaries are 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.

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Presented in Canadian Dollars)

3. MATERIAL 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 the 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 United States Dollars. 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.

Subsidiaries

The results and financial position of the Company's subsidiaries 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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Stock Options

The grant date fair value of stock options is measured using the Black-Scholes option pricing model and is recognized as an expense, with a corresponding increase in the share-based compensation reserve within equity, over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon exercise of stock options, the consideration paid by the holder is included in share capital and the related reserve amount associated with the stock options exercised is reclassified into share capital. Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

Restricted share units ("RSUs")

The fair value of RSUs is measured based on the closing price of the Company's common shares on the date of grant. The fair value of each tranche of RSUs is recognized as expense on a straight-line basis over its vesting period. The fair value of RSUs is charged to profit or loss with a corresponding increase in the share-based compensation reserve within equity. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

Upon the vesting of equity settled RSUs, the related reserve amount associated with the RSUs is reclassified into share capital.

Finder's Warrants

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.

Upon exercise of finder's warrants, the consideration paid by the holder is included in share capital and the related reserve amount associated with the finder's warrants exercised is reclassified into share capital.

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.

3. MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

SENDERO RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Presented in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (Continued)

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;
- The determination of the fair value of the common shares issued pursuant to the reverse takeover; and
- The determination that the Company will continue as a going concern for the next year.

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.

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3. MATERIAL ACCOUNTING POLICIES (Continued)

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.

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.

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3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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 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 accounts. The Company's bank accounts are held with major banks in Canada and Argentina. 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, 2024, the Company had a cash balance of \$209,425 to settle current liabilities of \$2,755,871.

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. REVERSE TAKEOVER TRANSACTION

Effective September 27, 2023, 131 completed its acquisition of Sendero Holdings and issued 6,000,000 common shares to acquire all of the issued and outstanding common shares of Sendero Holdings.

For accounting purposes, the Transaction constitutes a reverse takeover, as the shareholders of Sendero Holdings acquired control of the consolidated entity upon the completion of the Transaction. The reverse takeover does not constitute a business combination under IFRS 3 and is being accounted for as a capital transaction in accordance with IFRS 2, Share-based payments. Sendero Holdings is treated as the accounting parent (legal subsidiary), and 131 is treated as the accounting subsidiary (legal parent) on closing of the Transaction, subject to a deemed issuance of shares and re-capitalization of the Company's equity.

As Sendero Holdings was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. 131's results of operations have been included from September 27, 2023, the date of completion of the Transaction.

Pursuant to the terms and conditions of the Transaction, 131 consolidated its common shares on the basis of 67,788:1 to have 6,000,000 common shares outstanding immediately prior to the closing of the Transaction.

The acquisition of 131 is accounted for as 6,000,000 common shares deemed issued at the fair value of \$0.20 per share to acquire the net identifiable assets and liabilities of 131. This \$1,200,000 equity consideration is allocated to 131's net identifiable assets and liabilities with the residual accounted for as a listing expense on the consolidated statement of net loss and comprehensive loss.

The total purchase price has been allocated as follows:

Fair value of consideration – 6,000,000 common shares	\$	1,200,000
<hr/>		
Identifiable net liabilities of 131 acquired by Sendero Holdings:		
Cash		-
Accounts payable and accrued liabilities		-
<hr/>		
Total fair value of identifiable net liabilities acquired by Sendero Holdings		-
<hr/>		
Listing expense	\$	1,200,000
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7. EXPLORATION AND EVALUATION ASSETS

ARGENTINA

Peñas 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 (see Note 15(d)). 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. As the only asset or liability in Barton was the Peñas Negras property, the entire \$1,875,000 purchase price has been allocated to the property.

The Company holds a 100% interest in the Peñas Negras property via Barton. The Peñas Negras property is subject to a 1.5% net smelter returns royalty (“NSR”) payable to a director of the Company (see Note 15(d)) pursuant to the NSR agreement dated March 1, 2023. On July 31, 2024, the NSR agreement, dated March 1, 2023, between the Company and a director of the Company, pursuant to which the Company had granted a 1.5 % NSR on the Peñas Negras property, was surrendered.

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 (see Note 15(d)) for the acquisition of an additional mineral claim where such claim is subject to a 1.5% NSR (Note 8). This additional mineral claim has been dormant and has no expenditures spent from the date that the director acquired it.

On March 4, 2024, the Company entered into an arm’s length option agreement with Energía y Minerales - Sociedad del Estado (“EMSE”), the Energy and Minerals State Society of La Rioja, to significantly increase the Company’s land position in the Vicuña District (the “Option Agreement”). Pursuant to the terms of the Option Agreement, upon satisfying certain agreed to financial commitments, the Company and EMSE would form a joint venture (the “Joint Venture”), which would be 80% owned by the Company, to develop certain mineral concessions.

Pursuant to the terms of the Option Agreement, the formation of the Joint Venture is conditional on the following deliverables by the Company:

- The Company to make aggregate cash payments of US\$5,000,000, of which US\$1,000,000 will be payable in 2024, US\$1,260,000 in 2025 and US\$1,370,000 in each of 2026 and 2027.
- The Company shall complete work expenditures of US\$10,000,000 within four years on the combined land package of Peñas Negras Project and Joint Venture Claims.
- EMSE shall be granted a 1% NSR on the Peñas Negras Project.

	Peñas Negras (Argentina)
Exploration and evaluation assets	
Acquisition costs	
As of July 31, 2022	\$ 1,875,000
Addition during the year	333,333
As of July 31, 2023	2,208,333
Addition during the period	-
As of July 31, 2024	\$ 2,208,333

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

ARGENTINA

Peñas Negras Property (Continued)

	<u>Peñas Negras (Argentina)</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>
Mineral exploration expenses for the year ended July 31, 2024	
Camp costs	\$ 1,037,521
Consulting and reporting	9,907
Drilling	2,903,523
Field equipment and supplies	1,218,469
Geology and exploration	360,281
Maintenance costs	15,908
Other property related expenses	198,308
Sampling and assaying	12,718
Transportation and travel	1,933
	<u>\$ 5,758,568</u>
Cumulative mineral exploration expenses up to July 31, 2024	
Camp costs	\$ 1,092,309
Consulting and reporting	78,379
Drilling	2,903,523
Field equipment and supplies	1,256,988
Geology and exploration	898,279
Maintenance costs	23,739
Other property related expenses	221,458
Sampling and assaying	64,869
Transportation and travel	74,918
	<u>\$ 6,614,462</u>

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8. SHARE CAPITAL

(a) Authorized:

At July 31, 2024, 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, 2024:

On September 27, 2023, pursuant to the terms and conditions of the Transaction, 131 consolidated its common shares on a basis of 67,788:1, so as to have 6,000,000 common shares outstanding immediately prior to closing of the Transaction. Sendero Holdings was deemed to have issued these 6,000,000 common shares at \$0.20 per share to acquire net identifiable liabilities of 131 (Note 6).

On September 27, 2023, the 11,014,500 subscription receipts issued on April 27, 2023 (Note 9) were converted into 11,014,500 common shares and 5,507,250 warrants. Each warrant is exercisable into one common share of the Company at \$0.30 expiring on September 27, 2025.

On September 27, 2023, the Company issued 2,670,355 common shares at a fair value of \$534,071 to its officers as bonuses for the completion of the Transaction (Note 11).

On July 31, 2024, the Company issued 3,500,000 common shares pursuant to the restricted share units (Note 8(d)).

During the year ended July 31, 2024, 125,000 options, 680,000 warrants and 190,982 finder's warrants were exercised at \$0.20, \$0.30 and \$0.20 respectively, resulting in gross proceeds of \$267,197.

In conjunction with these transactions, the Company incurred \$144,278 share issue costs.

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 7 and 11).

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. 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.

On April 27, 2023, the Company also completed a brokered financing (Note 9). 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.

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. 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.

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8. SHARE CAPITAL (Continued)

(c) Escrow shares:

Pursuant to the Transaction, 21,622,643 common shares were placed in escrow with the transfer agent in accordance with the escrow agreement dated September 27, 2023, whereby 10% of the escrowed common shares were released on October 4, 2023 and 15% every six months thereafter. As of July 31, 2024, there were 16,216,982 common shares held in escrow with the transfer agent.

Pursuant to the Transaction, the Exchange also required 7,897,712 common shares to be subject to seed share resale restrictions that imposed substantially the same release schedule as the escrowed shares described above: 10% of the common shares were released on October 4, 2023 and 15% every six months thereafter. As of July 31, 2024, there were 5,923,284 common shares that remained subject to the seed share resale restrictions.

Another 6,858,333 common shares were subject to a voluntary pooling arrangement pursuant to the Transaction, whereby 20% of these common shares were released on October 4, 2023 and 20% every three months thereafter. As of July 31, 2024, 1,371,668 common shares were subject to the pooling arrangement.

(d) Restricted share units ("RSUs")

On June 4, 2024, the Company granted an aggregate of 3,500,000 RSUs (2023 – Nil) to certain officers and directors of the Company. The 3,000,000 RSUs issuable to Raymond D. Harari, the President of the Company, are subject to vesting conditions, whereby 60% will vest on the first anniversary of the grant and the balance in semi-annual instalments over following year, and the 500,000 RSUs issuable to the Company's non-executive directors will fully vest on the first anniversary of the grant, subject in each case to the terms of the Plan. Upon vesting, the RSUs will be payable in common shares.

For the year ended July 31, 2024, \$227,500 (2023 - \$Nil) of share-based compensation relating to vesting of RSUs was recorded.

On July 31, 2024, all 3,500,000 RSUs were deemed to be vested and common shares were issued to the officers and directors.

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8. SHARE CAPITAL (Continued)

(e) Options:

The continuity of options for the year ended July 31, 2024 is as follows:

Expiry date	Exercise price	July 31, 2023	Granted	Exercised	Expired / Cancelled	July 31, 2024
September 27, 2028 *	\$ 0.20	-	5,300,000	(125,000)	(250,000)	4,925,000
Options outstanding		-	5,300,000	(125,000)	(250,000)	4,925,000
Options exercisable		-	1,933,333	(125,000)	(250,000)	1,558,333
Weighted average exercise price	\$	-	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20

* Subsequently on September 1, September 8 and September 14, 2024, respectively, an aggregate of 1,500,000 options expired 30 days after the resignation of certain directors and officers on August 2, August 9 and August 15, 2024, respectively (Note 15). In addition, a further 2,200,000 options have expired 30 or 90 days after the termination or resignation of certain employees and contractors, leaving a total of 1,225,000 options outstanding.

As at July 31, 2024, the weighted average contractual remaining life of the options was 4.16 years (July 31, 2023 – Nil years). The weighted average fair value of stock options granted during the year ended July 31, 2024 was \$0.20 (July 31, 2023 - \$Nil).

For the year ended July 31, 2024, the Company recorded \$558,726 (2023 - \$Nil) of the share-based compensation in connection with the stock options granted using the Black-Scholes pricing model.

The weighted average assumptions used to estimate the fair value of options granted during the year ended July 31, 2024 were as follows:

	2024
Expected dividend yield	0.00%
Expected stock price volatility	84.12%
Risk-free interest rate	4.40%
Forfeiture rate	0.00%
Expected life of options	5 years

(f) Warrants:

The continuity of warrants for the year ended July 31, 2024 is as follows:

Expiry date	Exercise price	July 31, 2023	Issued	Exercised	Expired	July 31, 2024
September 27, 2025	\$ 0.30	9,132,625	5,507,250	(680,000)	-	13,959,875
Warrants outstanding		9,132,625	5,507,250	(680,000)	-	13,959,875
Weighted average exercise price	\$	0.30	\$ 0.30	\$ 0.30	\$ -	\$ 0.30

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, 2024, the weighted average contractual remaining life of warrants is 1.16 years (July 31, 2023 – 2.16 years).

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8. SHARE CAPITAL (Continued)

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

The continuity of finder's and broker's warrants for the year ended July 31, 2024 is as follows:

Expiry date	Exercise price	July 31, 2023	Issued	Exercised	Expired	July 31, 2024
September 27, 2025	\$ 0.20	1,596,665	-	(190,982)	-	1,405,683
Finder's warrants outstanding		1,596,665	-	(190,982)	-	1,405,683
Weighted average exercise price	\$	0.20	\$	-	\$	0.20

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	\$	-

As at July 31, 2024, the weighted average contractual remaining life of warrants is 1.16 years (July 31, 2023 – 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

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9. 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 broker's fees and \$99,811 other share issue costs were incurred. The net proceeds from this brokered financing of \$1,948,886 were released to the Company upon the completion of the Transaction on September 27, 2023.

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

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for year ended July 31, 2024 was based on the loss attributable to common shareholders of \$9,146,249 (year ended July 31, 2023 – \$509,392) and a weighted average number of common shares outstanding of 6,294,983 (year ended July 31, 2023 – 3,064,295).

Diluted loss per share did not include the effect of the 4,925,000 options, 13,959,875 warrants and 1,405,683 finders' and broker's warrants (July 31, 2023 – Nil options, 9,132,625 warrants and 1,596,665 finders' and brokers' warrants) since they were anti-dilutive.

11. 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, 2024:

	Cash payments	Shares issued	Share-based compensation	TOTAL
Hernan Vera ⁽¹⁾ Director and Chief Executive Officer	\$ 120,000	\$ 334,071	\$ 104,092	\$ 558,163
Michael Wood ⁽²⁾ Director and Chief Financial Officer	\$ 105,000	\$ 200,000	\$ 104,092	\$ 409,092
Raymond D. Harari ⁽³⁾ President	\$ 30,000	\$ 195,000	\$ 195,092	\$ 420,092
Other directors	\$ -	\$ 32,500	\$ 106,231	\$ 138,731

For the year ended July 31, 2023:

	Cash payments	Shares issued	TOTAL
Hernan Vera ⁽¹⁾ Director	\$ 42,859	\$ 333,333	\$ 376,192
Michael Wood ⁽²⁾ Director and Chief Financial Officer	\$ 15,000	\$ -	\$ 15,000
Matt Hudson ⁽⁴⁾ Former Chief Executive Officer	\$ 75,000	\$ -	\$ 75,000

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11. RELATED PARTY TRANSACTIONS (Continued)

Related party transactions and balances:

	Services for:	Years ended July 31		Amounts included in trade and other payables	
		2024	2023	As at July 31, 2024	As at July 31, 2023
Herman Vera ⁽¹⁾	Management fee and bonus payment in shares	\$ 334,071	\$ 361,192	\$ -	\$ 2,323
Independence Fortaleza, Sociedad Limitada ⁽¹⁾	Management fee	120,000	15,000	-	15,000
Michael Wood ⁽²⁾	Bonus payment in shares	200,000	-	-	-
Athena Jade Limited ⁽²⁾	Management fee	105,000	15,000	-	15,000
Triforce Ventures, S.A ⁽³⁾	Management fee and shares pursuant to RSUs	225,000	-	-	-
Marco Roque ⁽⁴⁾	Shares pursuant to RSUs	16,250	-	-	-
Zach Goldenberg ⁽⁴⁾	Shares pursuant to RSUs	16,250	-	-	-
Aerospace Industries Pty Ltd ⁽⁵⁾	Management fee	-	75,000	-	-
Total		\$ 1,016,571	\$ 466,192	\$ -	\$ 32,232

⁽¹⁾ During the year ended July 31, 2023, Hernan Vera received 1,666,667 shares for the sale of a mineral claim in February 2023 (Notes 7 and 8(b)).

During the year ended July 31, 2024, Mr. Vera received 1,670,355 shares as a bonus (Note 8(b)) and was entitled to receive a cash bonus of \$75,000 (cancelled) (Note 13) for completing the Transaction.

Starting in July 2023, Mr. Vera received a \$15,000 per month payment paid to his company, Independence Fortaleza, Sociedad Limitada. On April 29, 2023, Mr. Vera entered into an agreement with the Company to waive all of the outstanding compensation and bonuses up to April 30, 2024. As of July 31, 2024, the Company wrote off the \$75,000 cash bonus and the \$15,000 in management fees owed for April 2024. On June 4, 2024, Mr. Vera agreed to waive the management fees during May, June, July and August 2024. Subsequently, on August 15, 2024, Mr. Vera's resigned from his management agreement. (Note 15).

⁽²⁾ During the year ended July 31, 2024, Michael Wood received 1,000,000 shares as a bonus (Note 8(b)) and was entitled to receive a cash bonus of \$75,000 (cancelled) (Note 13) for completing the Transaction.

Starting in July 2023, Mr. Wood received a \$15,000 per month payment paid to his company, Athena Jade Limited. On April 29, 2023, Mr. Wood entered into an agreement with the Company to waive all outstanding compensation and bonuses up to April 30, 2024. As of July 31, 2024, the Company wrote off the \$75,000 cash bonus and the \$30,000 management fees owed for March and April 2024. On June 4, 2024, Mr. Wood's management agreement was terminated.

⁽³⁾ On June 4, 2024, the Company appointed Raymond D. Harari as President of the Company. In accordance with the terms of the Company's 2023 Equity Incentive Plan, the Company issued an aggregate of 3,000,000 RSUs to Mr. Harari. Starting in June 2024, Mr Harari received a \$15,000 per month payment paid to his company, Triforce Ventures, S.A. On July 31, 2024, the RSUs were deemed to be vested and Mr. Harari received 3,000,000 common shares valued at \$195,000. Subsequently, on August 11, 2024, Mr. Harari resigned from being the President of the Company (Note 15).

⁽⁴⁾ On June 4, 2024, the Company issued 250,000 RSUs to Mr. Roque and 250,000 RSUs to Mr. Goldenberg. On July 31, 2024, the RSUs were deemed to be vested and Mr. Roque and Mr. Goldenberg each received 250,000 common shares valued at \$16,250. Subsequently, in August 2024, Mr. Roque and Mr. Goldenberg resigned from being directors of the Company (Note 15).

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11. RELATED PARTY TRANSACTIONS (Continued)

Related party transactions and balances:

(5) Matt Hudson's cash payments were 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.

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.

12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Years ended July 31,	
	2024	2023
Net loss for the year	\$ 9,146,249	\$ 509,392
Statutory tax rate	25.77%	26.34%
Expected income tax recovery	2,357,293	134,174
Deductible and non-deductible amounts	(506,451)	118,561
True-up prior year amounts	94,695	-
Change in valuation allowance	(1,945,537)	(252,735)
Income tax recovery	\$ -	\$ -

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

	July 31,	
	2024	2023
Loss carry-forwards	\$ 2,285,369	\$ 344,236
Share issue costs	111,442	107,038
	2,396,811	451,274
Valuation allowance	(2,396,811)	(451,274)
Net deferred income tax assets	\$ -	\$ -

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

	Loss carry-forwards
2041	\$ 22,000
2042	595,000
2043	437,000
2044	1,644,000
	\$ 2,698,000

The Company also has Argentina non-capital loss carry-forwards of approximately \$6,228,000.

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13. COMMITMENTS

Executive compensation

On February 23, 2023, the Company signed two executive management agreements (the “Agreements”) with Hernan Vera (Chief Executive Officer – see Note 15(d)) and Michael Wood (Executive Chairman and Chief Financial Officer) whereby Mr. Vera and Mr. Wood would each receive a \$75,000 cash bonus upon the completion of the Transaction.

On June 4, 2024, Mr. Vera and Mr. Wood agreed to waive all the outstanding compensation and the Company wrote off \$150,000 of accrued cash bonuses.

14. 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.

15. SUBSEQUENT EVENTS

- (a) On August 2, 2024, the Company appointed Steve R. McMullan as a director of the Company and announced the resignation of Zachary Goldenberg as a director of the Company. The 250,000 options granted to him were cancelled on September 1, 2024.
- (b) On August 9, 2024, the Company appointed Alex Gostevskikh as a director of the Company and announced the resignation of Marco Roque as a director of the Company. The 250,000 options granted to him were cancelled on September 8, 2024.
- (c) On August 11, 2024, the Company announced the resignation of Raymond D. Harari as the President of the Company.
- (d) On August 15, 2024, the Company appointed Alex Gostevskikh as the Interim Chief Executive Officer and announced the resignation of Hernan Vera as the Chief Executive Officer and a director of the Company. The 1,000,000 options granted to Mr. Vera were cancelled on September 14, 2024.
- (e) On November 11, 2024, the Company completed a 10 to 1 share consolidation. The consolidation reduced the number of outstanding shares from 69,904,420 to 6,990,438.