

MASIVO SILVER CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Masivo Silver Corp.

Opinion

We have audited the consolidated financial statements of Masivo Silver Corp. and its subsidiary (the "Company") which comprise:

- the consolidated statements of financial position as at March 31, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

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 *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and 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. 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 for the year ended March 31, 2024. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 auditors' 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 auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 26, 2024

MASIVO SILVER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	MARCH 31, 2024	MARCH 31, 2023
ASSETS		
Current		
Cash	\$ 4,890	\$ 12,779
Restricted cash (Note 12)	-	46,000
Receivables	5,392	-
Prepaid expenses	24,633	29,837
	34,915	88,616
Exploration and evaluation asset (Note 5)	20,000	20,000
Total assets	\$ 54,915	\$ 108,616
LIABILITIES AND DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 447,150	\$ 151,089
Deficiency		
Share capital (Note 7)	14,605,945	14,605,945
Share subscriptions received (Note 7)	35,010	25,000
Reserves	1,811,504	1,811,504
Deficit	(16,844,694)	(16,484,922)
Total deficiency	(392,235)	(42,473)
Total liabilities and deficiency	\$ 54,915	\$ 108,616

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

On behalf of the Board:

“David Coburn”

Director

“Kurt Heimpel”

Director

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

MASIVO SILVER CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended March 31, 2024	Year ended March 31, 2023
EXPENSES		
Accounting and audit	\$ 87,600	\$ 73,250
Consulting fees	-	31,239
Legal	5,203	8,051
Management fees (Note 9)	161,852	217,277
Office	32,081	73,016
Share-based compensation (Note 8)	-	199,884
Shareholder and investor relations	18,165	12,006
Transfer agent and regulatory fees	13,130	38,438
	<u>(318,031)</u>	<u>(653,161)</u>
OTHER INCOME (EXPENSES)		
Interest income	1,510	840
Foreign exchange gain (loss)	-	257
Write down of exploration and evaluation assets (Note 5)	(43,251)	(269,272)
	<u>(41,741)</u>	<u>(268,175)</u>
Loss and comprehensive loss for the year	<u>\$ (359,772)</u>	<u>\$ (921,336)</u>
Loss per common share – basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>
Weighted average number of common shares outstanding - Basic and diluted	<u>21,907,494</u>	<u>21,907,494</u>

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

MASIVO SILVER CORP.
STATEMENTS OF CHANGES IN DEFICIENCY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2024 and 2023

	Number of Shares	Amount	Share subscriptions received	Reserves	Deficit	Total
Balance – April 1, 2022	19,400,294	13,979,145	-	1,611,620	(15,563,586)	27,179
Shares issued for private placement	2,207,200	551,800	-	-	-	551,800
Shares issued for property acquisition	300,000	75,000	-	-	-	75,000
Share subscriptions received	-	-	25,000	-	-	25,000
Share-based compensation on option grant	-	-	-	199,884	-	199,884
Net loss and comprehensive loss for the year	-	-	-	-	(921,336)	(921,336)
Balance – March 31, 2023	21,907,494	\$ 14,605,945	\$ 25,000	\$ 1,811,504	\$ (16,484,922)	\$ (42,473)
Balance – April 1, 2023	21,907,494	\$ 14,605,945	\$ 25,000	\$ 1,811,504	\$ (16,484,922)	\$ (42,473)
Share subscriptions received	-	-	10,010	-	-	10,010
Net loss and comprehensive loss for the year	-	-	-	-	(359,772)	(359,772)
Balance – March 31, 2024	21,907,494	\$ 14,605,945	\$ 35,010	\$ 1,811,504	\$ (16,844,694)	\$ (392,235)

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

MASIVO SILVER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

CASH PROVIDED BY (USED IN):	Year Ended March 31, 2024	Year Ended March 31, 2023
Cash flows from operating activities:		
Loss for the year	\$ (359,772)	\$ (921,336)
Non-cash items:		
Share-based compensation	-	199,884
Write-off of exploration expenditures	43,251	269,272
Changes in non-cash working capital:		
Receivables	(5,392)	18,140
Prepaid expense	5,204	(9,696)
Accounts payable and accrued liabilities	269,375	18,752
Cash used in operating activities	(47,334)	(424,984)
Cash flows from investing activities:		
Expenditures on resource properties	(16,565)	(209,053)
Cash used in investing activities	(16,565)	(209,053)
Cash flows from financing activities:		
Cash from GIC redemption	46,000	-
Shares issued for cash (net)	-	551,800
Share subscriptions received	10,010	25,000
Cash provided by financing activities	56,010	576,800
Decrease in cash	(7,889)	(57,237)
Cash – beginning of year	12,779	70,016
Cash – end of year	\$ 4,890	\$ 12,779
Supplemental disclosure on non-cash financing activities:		
Shares and warrants issued for properties	\$ -	\$ 75,000

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

MASIVO SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

Masivo Silver Corp. (the “Company”) is in the business of mineral property exploration and development in Mexico and Nevada. The Company was incorporated under the Business Corporations Act (British Columbia) on February 11, 2011 and is publicly listed on the TSX Venture Exchange (the “Exchange”) under the symbol MASS. The Company’s head office is located at Suite 312–125 West 18th Street, Vancouver, BC, Canada V7M 1W5.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

For the year ended March 31, 2024, the Company had a net loss of \$359,772 (2023 – \$921,336), a working capital deficiency of \$412,235 (2023 – \$62,473) and an accumulated deficit of \$16,844,694 (2023 – \$16,484,922), which has been funded primarily by the issuance of equity. The Company’s ability to continue as a going concern is uncertain and is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of higher inflation and the energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. BASIS OF PREPARATION

Statement of compliance

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

These audited consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on July 26, 2024.

Consolidation

The consolidated financial statements include, on a consolidated basis, the assets, liabilities, revenues and expenses of the Company and its wholly-owned dormant subsidiaries, Gainey Mexico, S.A. de C.V. and Minera Buena Fortuna, S.A. de C.V., which were incorporated in Mexico and which carry out the exploration and evaluation activities in Mexico. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

MASIVO SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

2. BASIS OF PREPARATION (cont'd)

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Material accounting estimates:

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

Share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(ii) Material accounting judgments

Information about material judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 "*The Effects of Changes in Foreign Exchange Rates*", management determined that the functional currency of the parent Company, as well as the Company's Mexican subsidiaries, is the Canadian dollar.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

MASIVO SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

2. BASIS OF PREPARATION (cont'd)

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that capitalized exploration and evaluation costs may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

3. MATERIAL ACCOUNTING POLICIES

Exploration and evaluation assets

All property payments and all costs related to the exploration permitting process, exploration and development of evaluation and exploration assets are capitalized by property until the commencement of commercial production. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units (“CGU”) for the purpose of determining future mineral reserves and impairments.

Management reviews the capitalized costs on its evaluation and exploration assets at least annually to consider if there is an impairment in value to take into consideration from current exploration results and management’s assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the exploration and evaluation asset is considered to be a mine under development and is classified as “Mining Assets”.

Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (cont'd)

Impairment of long-lived assets (cont'd)

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset or CGU’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Determining the discount rate includes appropriate adjustments for the risk profile of the country in which the individual asset or CGU operates.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depletion) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in profit or loss.

Provision for environmental rehabilitation

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its long-lived assets.

Share-based payments

The Company grants stock options to certain directors and employees of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche’s vesting period by increasing reserves based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

MASIVO SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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3. MATERIAL ACCOUNTING POLICIES (cont'd)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income taxes

Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. 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.

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 date of the statement of financial position. 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. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it does not recognize the asset. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company has classified its financial assets and liabilities as at March 31, 2024 as follows:

Financial assets/liabilities	Classification
Cash	FVTPL
Restricted cash	FVTPL
Accounts payable	Amortized cost

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3. MATERIAL ACCOUNTING POLICIES (cont'd)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value plus or minus transaction costs, and are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 "*The Effects of Changes in Foreign Exchange Rates*".

Transactions in currencies other than the Canadian dollar ("CAD" or "\$") are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

MASIVO SILVER CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

3. MATERIAL ACCOUNTING POLICIES (cont'd)

Warrants

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 fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

Where warrants are granted to employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the warrants are exercised and shares are issued. Upon exercise, shares are issued from treasury and the amount reflected is credited to share capital, adjusted for any consideration paid.

4. ACCOUNTING STANDARDS AMENDMENT ISSUED AND NEW STANDARDS PRONOUNCEMENTS

The Company has adopted new standards and amendments for the first time, which became effective for annual periods starting on or after January 1, 2023.

Amendment to IAS 1 – Disclosure of Accounting Policies

Issued by the IASB in February 2021, these amendments provide clarity on implementing the materiality concept in disclosing accounting policies. The key changes introduced are:

- The requirement for entities to disclose their material accounting policies, shifting the focus from significant accounting policies.
- A clarification that accounting policies concerning transactions, events, or conditions that are immaterial do not require disclosure.
- An explanation that not every accounting policy related to material transactions, events, or conditions is necessarily material itself.

The Company has reviewed its previously reported significant accounting policies and now regards them as material accounting policies. Additionally, certain accounting policies previously reported and now deemed immaterial by the Company have been omitted from the financial statements.

Amendment to IAS 8 – Defining Accounting Estimates

In February 2021, the IASB updated IAS 8 to include a specific definition of ‘accounting estimates’. The amendment elucidates the differences between adjustments in accounting estimates and alterations in accounting policies, as well as error rectifications. They further detail the methods and inputs entities should employ to formulate accounting estimates. The Company has not had any changes in accounting policies or changes in accounting estimates during the year ended March 31, 2024.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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5. EXPLORATION AND EVALUATION ASSETS

	El Colomo Property	Jackpot Property	Totals
Acquisition costs:	\$	\$	\$
Beginning balance: April 1, 2023	20,000	-	20,000
Acquisition costs – March 31, 2024	20,000	-	20,000
Exploration costs - Beginning balance:	-	-	-
Exploration costs during the year	-	43,251	43,251
Exploration costs – March 31, 2024	-	43,251	43,251
Write down of acquisition & exploration costs	-	(43,251)	(43,251)
Acquisition and Explorations costs – March 31, 2024	20,000	-	20,000

	El Colomo Property	Jackpot Property	Totals
Acquisition costs:	\$	\$	\$
Beginning balance: April 1, 2022	20,000	-	20,000
Cash payments during the year	-	32,375	32,375
Share issued during the year	-	75,000	75,000
Acquisition costs – March 31, 2023	20,000	107,375	127,375
Exploration costs - Beginning balance:	-	-	-
Exploration costs during the year	-	161,897	161,897
Exploration costs – March 31, 2023	-	161,897	161,897
Write down of acquisition & exploration costs	-	(269,272)	(269,272)
Acquisition and Explorations costs – March 31, 2023	20,000	-	20,000

El Colomo Property

On October 2, 2013, the Company completed the acquisition from Golden Anvil S.A. de C.V. (“Golden Anvil”) of certain assets comprising of the El Colomo concessions, a concentration plant, and other associated assets and equipment all located in Mexico.

The Company has not registered the concessions under the Company name with the Public Registry of Mines (“PRM”) in Mexico. These mineral concessions are registered with the PRM under the name of Golden Anvil and the Company has been assigned the rights to explore the concessions.

There were no exploration costs incurred on the El Colomo property during the year ended March 31, 2024.

Promissory Note

As part of the El Colomo acquisition, the Company could recover property costs incurred by the Company on behalf of Golden Anvil through a promissory note (“Note”). Due to uncertainty in collecting the Note, the Company accounted for the costs incurred as part of exploration and evaluation assets. Any amounts received from the Note will be offset against exploration and evaluation assets.

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5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Promissory Note (cont'd)

The Note has an interest rate of 12% per annum compounded monthly. The Note is secured by 800,000 common shares issued as part of the El Colomo acquisition (“Pledged Shares”) and personally guaranteed by Marco Antonio Rincon-Valdes (a former director of the Company) and Francisco Rolando Rincon-Romo. Pursuant to the Note, Golden Anvil agreed to repay 50% of the original balance on or before October 2, 2014, and the remaining 50% on or before April 2, 2015. Payment was not made, and the Company has taken action pursuant to the personal guarantees and if necessary, the Company may realize on the Pledged Shares.

During the year ended March 31, 2017, the Company received notice of a claim from Marco Antonio Rincon-Valdes seeking the delivery of 571,337 escrowed common shares of the Company pursuant to the terms of the El Colomo purchase agreement, as well as for general damages associated with a claimed breach of the purchase agreement. As at March 31, 2024, no provisions have been recorded for any potential liability arising from this matter, as management believes the claim to be without merit, with the likelihood of the Company being required to pay general damages being remote.

Jackpot Minerals LLC Property Option Agreement

On May 14, 2021, the Company entered into an option agreement with Jackpot Minerals LLC (“Jackpot”) granting the Company the right to earn a 100% interest in and to the Property in Elko County, Nevada. Jackpot owns an undivided 100% interest in and to 65 unpatented mining claims and one patented claim in Elko County known as the JP claims and the Boston Mine.

Under the terms of the Agreement, the Company can earn a 100% interest in the Property by making aggregate cash payments of US\$450,000, issuing 8,000,000 common shares, as set out in the table below, and issue 1,000,000 common share purchase warrants (issued), exercisable at \$0.15 for a two-year period, and by incurring US\$1,000,000 of cumulative exploration expenditures over a four-year period as set out in the table below.

The Property is also subject to a 2% NSR royalty, of which up to 1% may be purchased by the Company at USD\$500,000 for each 0.5% NSR until the commencement of commercial production.

During the year, the Company impaired the acquisition costs and exploration costs for the property due to uncertainty as to whether the Company will continue to pursue exploration on the property.

Payment Term	Masivo Common Shares to be issued	CAD\$ Cash Payment / Exploration Expenditures
Upon approval by the TSX Venture Exchange (Received August 4, 2021)	1,000,000 shares (200,000 post-consolidated. Issued) 1,000,000 Warrants (200,000 post-consolidated. Issued)	USD\$20,000 in Cash (paid)
First anniversary date of the agreement	1,500,000 shares (200,000 post-consolidated. Issued)	USD\$25,000 in Cash (paid)/ USD\$100,000 (incurred)
Second anniversary date of the agreement	1,000,000 shares (200,000 post-consolidated. Issued subsequent to year-end. See Note 14)	USD\$30,000 in Cash (paid subsequent to year-end) / USD\$200,000
Third anniversary date of the agreement	2,000,000 shares (400,000 post-consolidated. Issued subsequent to year-end. See Note 14)	USD\$35,000 in Cash (paid subsequent to year-end) / USD\$300,000
Fourth anniversary date of the agreement	2,500,000 shares (500,000 post-consolidated)	USD\$340,000 in Cash / USD\$400,000

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable	\$ 404,221	\$ 99,627
Accrued liabilities	42,929	51,462
	\$ 447,150	\$ 151,089

7. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Share issuances

Year ended March 31, 2024

No shares were issued during the current year.

Year ended March 31, 2023

On June 23, 2022, the Company issued an aggregate of 2,207,200 units at a price of \$0.25 per unit for gross proceeds of \$551,800. Each unit consists of one common share and one common share purchase warrant which entitles the holder to purchase an additional common share of the Company at a price of \$0.50 for a period of two years, expiring on June 24, 2024. The proceeds of \$551,800 were allocated entirely to share capital using the residual value method.

On July 25, 2022, the Company issued 300,000 common shares to Jackpot Minerals LLC as per the terms of the Option Agreement on the Jackpot Claims property (described in Note 5) with a recorded fair value of \$75,000 for the shares.

Shares held in escrow

Included in the common shares outstanding at March 31, 2024 are 1,334,739 (2023 – 1,334,739) common shares held in escrow, which may not be transferred, assigned or otherwise dealt without the consent of the regulators. During the years ended March 31, 2024 and 2023, the escrow releases were not completed pursuant to the escrow agreements because of non-payment issues regarding the Note with Golden Anvil (Note 5). As a result the release date of these escrow shares remain uncertain.

Share Consolidation

On September 26, 2022, the Company completed a consolidation of its issued share capital on the basis of five old common shares for one new common share. In accordance with the share consolidation, all shares of common stock and per-share amounts disclosed herein reflect the post-share consolidation shares unless otherwise specified.

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7. SHARE CAPITAL (cont'd)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 1, 2022	7,310,000	\$ 0.17
Expired	(4,910,000)	0.50
Granted	2,207,200	0.50
Balance, March 31, 2023	4,607,000	0.47
Expired	(2,400,000)	0.45
Balance, March 31, 2024	2,207,200	\$ 0.50

Additional information regarding warrants outstanding as at March 31, 2024 is as follows:

Number of warrants	Exercise Price	Expiry Date
2,207,200	\$0.50	June 24, 2024 *

*Subsequent to the year ended March 31, 2024, the warrants expired unexercised.

The weighted average remaining contractual life of warrants outstanding at March 31, 2024 is 0.23 years (2023 – 1.04 years).

8. SHARE-BASED PAYMENTS

Stock options

The Company follows the policies of the Exchange, under which it is authorized to grant options to officers, directors, employees and consultants, enabling them to acquire a number of shares equal to up to 10% of the issued and outstanding common shares of the Company. The exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

The changes in stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2022	1,250,000	0.13
Cancelled	(330,000)	1.71
Granted	1,200,000	0.20
Balance, March 31, 2023	2,120,000	0.35
Balance, March 31, 2024	2,120,000	\$ 0.35

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8. SHARE-BASED PAYMENTS (cont'd)

The Company applies the fair value method using the Black-Scholes Option Pricing Model in accounting for stock options granted to employees. Stock options granted to non-employee are valued using the Black-Scholes Option Pricing Model as the fair values of services received were not reliably measurable.

The fair value of the options granted was calculated using the following weighted average assumptions:

	2024	2023
Expected life (years)	-	5.0
Risk-free interest rate	-	2.80%
Expected annualized volatility	-	136 %
Dividend yield	-	N/A
Stock price at grant date	-	\$ 0.19
Exercise price	-	\$ 0.20
Weighted average grant date fair value	-	\$ 0.17

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

The following stock options were outstanding and exercisable at March 31, 2024:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
180,000	180,000	\$ 0.60	April 1, 2024
260,000	260,000	0.60	September 17, 2024
480,000	480,000	0.50	February 23, 2026
1,200,000	1,200,000	0.20	January 18, 2028
2,120,000	2,120,000	\$ 0.35	

The weighted average remaining contractual life of stock options outstanding at March 31, 2024 is 2.64 years (2023 – 3.64 years).

Reserves

The Company records items recognized as share-based compensation expense within reserves until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

9. RELATED PARTY TRANSACTIONS AND BALANCES

The remuneration of key management personnel, being those persons determined as having authority and responsibility for planning, directing and controlling the activities of the Company during the years ended March 31, 2024 and 2023 is as follows:

	Years ended	
	March 31, 2024	March 31, 2023
Management fees paid/accrued to the CEO	\$ 161,852	\$ 217,277
Accounting fees paid/accrued to the CFO	30,000	30,000
Consulting fees paid/accrued to Directors	-	16,239
Share-based compensation	-	199,884
	\$ 191,852	\$ 463,400

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9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

As at March 31, 2024, included in accounts payable is \$202,164, (2023 - \$13,575) payable to the CEO and \$38,070, (2023 - \$5,250) payable to the CFO.

10. INCOME TAXES

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

	2024	2023
	\$	\$
Loss for the year	(359,772)	(921,336)
Expected income tax (recovery)	(97,138)	(248,761)
Change in statutory, foreign tax, foreign exchange rates and other	-	1,358
Change in unrecognized deductible temporary differences	97,138	247,403
Total income tax expense (recovery)	-	-

The rate reconciliation above only includes the amounts related to the Canadian entity.

The significant components of deferred income tax assets and liabilities are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
Temporary Differences				
	\$		\$	
Non-capital losses available for future period	7,243,562	2031 to 2043	6,883,790	2031 to 2042
Canada	7,243,562	2031 to 2043	6,883,790	2031 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or issue debt in the near future to meet its current obligations.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

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12. FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, and accounts payable. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	March 31, 2024	March 31, 2023
FVTP	\$ 4,890	\$ 58,779
Financial liabilities at amortized cost	404,221	99,627

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in 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).

As at March 31, 2024, the carrying values of the Company's accounts payable approximate their fair values due to their short terms to maturity. The Company's cash, under the fair value hierarchy is based on level one quoted inputs.

Financial Risks

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consist of bank accounts held with reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances of up to \$100,000 in Canada and the Company holds nominal amounts in Mexican accounts as at March 31, 2024 and 2023. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. Accordingly, as at March 31, 2024, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

At March 31, 2023, the Company had a cash balance of \$4,890 (2023 - \$12,779) to settle current liabilities of \$447,150 (2023 - \$151,089). The Company has corporate credit cards with various credit limits not exceeding \$35,000. For the year ended March 31, 2023, as collateral for the credit cards, the Company had a restricted one-year term deposit of \$46,000 earning annual interest at Canadian prime rate less 2.70%. This term deposit was cashed during the year ended March 31, 2024.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company is exposed to liquidity risk.

Market risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives

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or contracts to hedge or otherwise mitigate this exposure. At March 31, 2023, the Company was not exposed to significant interest rate risk.

The Company is principally engaged in the acquisition and exploration of exploration and evaluation assets in Nevada. To date the operating expenditures have been denominated in Canadian dollars. In the future, due to the location of operations, the Company may experience exposure to foreign exchange rate fluctuations for expenditures in foreign currencies against the Canadian dollar as the functional currency of the business entity.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Mexico and Nevada.

14. SUBSEQUENT EVENTS

The Company issued 19,859,880 units at a price of \$0.0525 per unit for gross proceeds of \$1,042,644. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of \$0.15 per share for a period of four years from the date of issuance. In connection with this closing, the Company paid cash finder's fees of \$53,258 and issued 1,014,440 broker warrants. Each broker warrant will entitle the holder to purchase one common share of the Company at a price of \$0.15 per share for a period of four years from the date of issuance.

On June 4, 2024, the Company issued 600,000 common shares (3,000,000 pre-consolidated shares) as an option payment on the Jackpot property (see Note 5).