

**FIRST ANDES SILVER LTD.**  
(formerly Mantaro Precious Metals Corp.)

Consolidated Financial Statements

For the Years Ended February 29, 2024 and February 28, 2023

(Expressed in Canadian Dollars)

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**First Andes Silver Ltd. (formerly Mantaro Precious Metals Corp.)**

**Consolidated Financial Statements**

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**Years ended February 29, 2024 and February 28, 2023**

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**(Expressed in Canadian Dollars)**

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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders and Directors of *First Andes Silver Ltd. (formerly Mantaro Precious Metals Corp.)*

### Opinion

We have audited the consolidated financial statements (the "Financial Statements") of *First Andes Silver Ltd. (formerly Mantaro Precious Metals Corp.)* and its subsidiaries (the "Company") which comprise:

- the consolidated statements of financial position as at February 29, 2024 and February 28, 2023;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity 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 February 29, 2024 and February 28, 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 audits 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.

### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 upon 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 February 29, 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 other 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.

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 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 Joseph Bonvillain.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
June 26, 2024

**FIRST ANDES SILVER LTD.**  
**(formerly Mantaro Precious Metals Corp.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at February 29, 2024 and February 28, 2023  
(Expressed in Canadian Dollars)

	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		10,575	338,729
Prepaid expenses and deposits		9,062	63,635
Accounts receivable		17,909	44,487
		<u>37,546</u>	<u>446,851</u>
<b>Non-current assets</b>			
Equipment		-	108,555
Exploration and evaluation assets	5	2,868,589	8,573,272
		<u>2,868,589</u>	<u>8,681,827</u>
<b>Total assets</b>		<u>2,906,135</u>	<u>9,128,678</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	6,10	793,905	437,684
Demand loans	7	191,917	-
		<u>985,822</u>	<u>437,684</u>
<b>Non-current liabilities</b>			
Reclamation provision	8	-	393,000
		<u>-</u>	<u>393,000</u>
<b>Total liabilities</b>		<u>985,822</u>	<u>830,684</u>
<b>EQUITY</b>			
Share capital	9	12,092,117	11,769,938
Subscriptions received	14	7,500	-
Reserves		3,518,862	3,367,949
Accumulated other comprehensive loss ("AOCL")		-	(11,759)
Deficit		(13,698,166)	(8,041,495)
<b>Total equity attributable to owners</b>		<u>1,920,313</u>	<u>7,084,633</u>
<b>Non-controlling interest</b>		<u>-</u>	<u>1,213,361</u>
<b>Total equity</b>		<u>1,920,313</u>	<u>8,297,994</u>
<b>Total liabilities and equity</b>		<u>2,906,135</u>	<u>9,128,678</u>

Nature of Operations (Note 1)

Going Concern (Note 2)

Subsequent Events (Note 14)

Approved by the Board of Directors on June 26, 2024

\_\_\_\_\_  
"Charles Hethey" Director  
Charles Hethey

\_\_\_\_\_  
"Jacob Garland" Director  
Jacob Garland

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

**FIRST ANDES SILVER LTD.**  
**(formerly Mantaro Precious Metals Corp.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
For the years ended February 29, 2024 and February 28, 2023  
(Expressed in Canadian Dollars)

	Notes	2024 \$	2023 \$
<b>EXPENSES</b>			
Accounting and audit	10	208,110	196,205
Amortization		14,262	4,976
Directors' fees	10	20,189	91,188
Foreign exchange loss		4,014	24,498
Legal fees	10	102,242	206,731
Management and consulting	10	100,776	265,808
Office and miscellaneous		35,091	54,271
Regulatory and transfer agent fees		36,047	40,123
Shareholder communications	10	419,139	227,992
Share-based payments	9(d)	-	133,641
<b>Loss before other items</b>		<b>(939,870)</b>	<b>(1,245,433)</b>
<b>Other income (expense) items</b>			
Interest income		871	27,234
Impairment	5	(326,224)	(1,830,109)
<b>Loss from continuing operations</b>		<b>(1,265,223)</b>	<b>(3,048,308)</b>
Loss from discontinued operations	5(b)	(4,415,691)	(47,352)
<b>Net loss for the year</b>		<b>(5,680,914)</b>	<b>(3,095,660)</b>
<b>Other comprehensive income (loss)</b>			
Exchange gain (loss) on translation of foreign operations		847	(11,759)
Reclassification of translation of foreign accounts on disposal of subsidiary		10,912	-
<b>Comprehensive loss for the year</b>		<b>(5,669,155)</b>	<b>(3,107,419)</b>
<b>Net loss for the year attributable to:</b>			
Owners of the parent company		(5,656,671)	(3,076,377)
Non-controlling interest		(24,243)	(19,283)
		<b>(5,680,914)</b>	<b>(3,095,660)</b>
<b>Loss per share attributable to the owners of the parent company – basic and diluted</b>			
	9(f)	<b>(0.80)</b>	<b>(0.50)</b>
<b>Loss per share attributable to non-controlling interest – basic and diluted</b>			
		<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>			
		<b>7,093,139</b>	<b>6,200,688</b>

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

**FIRST ANDES SILVER LTD.**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended February 29, 2024 and and February 28, 2023  
(Expressed in Canadian Dollars)

	2024 \$	2023 \$
<b>Cash (used in) provided by</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(5,680,914)	(3,095,660)
Non-cash items:		
Accretion	10,000	8,000
Amortization	14,262	4,976
Share-based payments	-	133,641
Impairment	326,224	1,830,109
Loss on disposal of Minera Golden Hill S.R.L. (Note 5(b))	4,366,215	-
	<u>(964,213)</u>	<u>(1,118,934)</u>
Changes in non-cash working capital items:		
Prepaid expenses and deposits	33,048	16,312
Accounts receivable	(17,917)	(16,644)
Accounts payable and accrued liabilities	598,008	2,400
	<u>(305,766)</u>	<u>(974,756)</u>
Cash flows used in operating activities from continuing operations	<u>(305,766)</u>	<u>(974,756)</u>
Cash flows used in operating activities from discontinued operations	<u>(45,308)</u>	<u>(142,110)</u>
Cash flows used in operating activities	<u>(351,074)</u>	<u>(1,116,866)</u>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(327,559)	(3,131,168)
Cash acquired on acquisition of 51% of Minera Golden Hill S.R.L. (Note 5(b))	-	19,643
Purchase of property and equipment	-	(12,402)
Disposal of Minera Golden Hill (Note 5(b))	(113)	-
	<u>(163,262)</u>	<u>(2,711,980)</u>
Cash flows used in investing activities from continuing operations	<u>(163,262)</u>	<u>(2,711,980)</u>
Cash flows used in investing activities from discontinued operations	<u>(164,410)</u>	<u>(411,947)</u>
Cash flows used in investing activities	<u>(327,672)</u>	<u>(3,123,927)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	365,370	-
Share issuance costs	(22,278)	-
Subscriptions received	7,500	-
	<u>350,592</u>	<u>-</u>
Cash flows provided by financing activities from continuing operations	<u>350,592</u>	<u>-</u>
Change in cash	(328,154)	(4,240,793)
Cash, beginning	338,729	4,579,522
Cash, ending	<u>10,575</u>	<u>338,729</u>

Non-cash Transactions (Note 13)

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

**FIRST ANDES SILVER LTD.**  
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the years ended February 29, 2024 and February 28, 2023  
(Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Share Subscriptions Received \$	Reserves \$	AOCL \$	Deficit \$	Total Equity \$	Non-controlling Interest \$	Total \$
<b>Balance, February 28, 2022</b>	6,148,632	11,694,938	-	3,211,917	-	(4,965,118)	9,941,737	-	9,941,737
Issued during the year:									
Common shares pursuant to mineral property agreements	100,000	75,000	-	-	-	-	75,000	-	75,000
Warrants pursuant to mineral property agreements	-	-	-	22,391	-	-	22,391	-	22,391
Acquisition of 51% of Minera Golden Hill S.R.L. (Note 5(b))	-	-	-	-	-	-	-	1,232,644	1,232,644
Share-based payments	-	-	-	133,641	-	-	133,641	-	133,641
Comprehensive loss for the year	-	-	-	-	(11,759)	(3,076,377)	(3,088,136)	(19,283)	(3,107,419)
<b>Balance, February 28, 2023</b>	6,248,632	11,769,938	-	3,367,949	(11,759)	(8,041,495)	7,084,633	1,213,361	8,297,994
Issued during the year:									
Units pursuant to private placement	730,740	219,222	-	146,148	-	-	365,370	-	365,370
Less: Issue costs - cash	-	(22,278)	-	-	-	-	(22,278)	-	(22,278)
Less: Issue costs – finders warrants	-	(4,765)	-	4,765	-	-	-	-	-
Common shares pursuant to mineral property agreements	200,000	130,000	-	-	-	-	130,000	-	130,000
Subscriptions received	-	-	7,500	-	-	-	7,500	-	7,500
Disposal of 51% of Minera Golden Hill S.R.L (Note 5(b))	-	-	-	-	-	-	-	(1,189,118)	(1,189,118)
Comprehensive loss for the year	-	-	-	-	11,759	(5,656,671)	(5,644,912)	(24,243)	(5,669,155)
<b>Balance, February 29, 2024</b>	<b>7,179,372</b>	<b>12,092,117</b>	<b>7,500</b>	<b>3,518,862</b>	<b>-</b>	<b>(13,698,166)</b>	<b>1,920,313</b>	<b>-</b>	<b>1,920,313</b>

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

## 1. Nature of Operations

First Andes Silver Ltd. (formerly Mantaro Precious Metals Corp.) (the "Company", "First Andes") was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is an exploration stage company focusing on mineral properties in Peru. On April 18, 2024, the Company changed its name from Mantaro Precious Metals Corp. to First Andes Silver Ltd. The Company's head and registered and records office is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "FAS.V", the Frankfurt Stock Exchange under the symbol "9TZ" and are quoted on the OTCQB Marketplace under the symbol "MSLVF".

## 2. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. Realized values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

At February 29, 2024, the Company had not yet achieved profitable operations, had an accumulated deficit of \$13,698,166 since inception and expects to incur further losses in the development of its business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. At February 29, 2024, the Company had a working capital deficit of \$948,276. The above factors form a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Subsequent to February 29, 2024, the Company completed a private placement for gross proceeds of \$1,300,000 (Note 14).

## 3. Basis of Presentation and Material Accounting Policies

These consolidated financial statements, including comparatives have been prepared using IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments recorded at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. The policies applied in these consolidated financial statements are based on IFRS in effect as of February 29, 2024.

Unless otherwise stated, all dollar amounts are in Canadian dollars.

These consolidated financial statements were approved by the Board of Directors on June 26, 2024.

The material accounting policies used in the preparation of these consolidated financial statements are as follows:

### Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries or entities that the Company controls. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**FIRST ANDES SILVER LTD.**  
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Notes to the Consolidated Financial Statements  
For the years ended February 29, 2024 and February 28, 2023  
(Expressed in Canadian Dollars)

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Details of the subsidiaries are as follows:

	Incorporated in	Percentage owned	
		February 28, 2024	February 28, 2023
Mantaro Holding Inc.	Canada	100%	100%
Santa Gloria Silver Corp.	Canada	100%	100%
San Jose Silver Corp Peru S.A.C.	Peru	100%	100%
Santas Gloria Silver Corp Peru S.A.C.	Peru	100%	100%
Minera Greenstone S.R.L.	Bolivia	100%	100%
Minera Golden Hill S.R.L.	Bolivia	0%	51%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired exploration and evaluation assets, equipment and asset retirement obligations.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that can create outputs.

### Cash and cash equivalents

Cash and cash equivalents are unrestricted to use and consists of deposits and short-term interest bearing accounts with original maturities of 90 days or less, which are subject to insignificant risk of changes in fair value.

### Equipment and amortization

The Company records its acquisition of equipment at cost. The Company provides for amortization, once the assets available for use, over their estimated useful lives on the declining balance method at a rate of 30% per year for computer equipment, and 10% per year for construction equipment.

### Mineral properties

#### (i) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Costs incurred prior to obtaining the legal rights to explore a property are recognized as an expense in the period in which they are incurred.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete. The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

(iii) Impairment

The carrying amount of the Company's assets, which include exploration and evaluation assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(iv) Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The liability is adjusted for the accretion of the discounted obligation, the offset of which is charged to the statement of loss, and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future reclamation costs.

Changes in reclamation estimates are accounted for as a change in the corresponding capitalized cost. Expenditures of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

## Financial Instruments

### (i) Financial assets

#### Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as fair value through profit or loss.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of comprehensive loss.

##### *Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

### (ii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### (iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

### (iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.  
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 3: Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash. The carrying values of accounts receivable and accounts payable and accrued liabilities approximate the fair values due to short-term maturity of these instruments.

The Company's financial assets and financial liabilities are classified and measured as follows:

<b>Financial Instrument</b>	<b>Category</b>
Cash	Fair value through profit or loss
Accounts receivable	Amortized cost
Accounts payable and other liabilities	Amortized cost
Demand loans	Amortized cost

### **Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. The Company uses the residual method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the units are first allocated between the common shares and share purchase warrants based on the more readily determinable fair value and the residual balance, if any, is allocated to the common shares or share purchase warrants. During the year ended February 29, 2024, the Company allocated the value to the common shares first, and the residual value to the share purchase warrants. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **Basic and diluted loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of 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**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

### **Foreign currencies**

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The

presentation currency of the Company is Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar, except for Minera Golden Hill S.R.L. which was the Bolivian Boliviano.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are recognized in the consolidated statements of loss and comprehensive loss.

#### **Share-based payments**

The fair value of all stock options granted is recorded as a charge to profit or loss with a credit to contributed surplus. The fair value of the stock options is recorded to share-based payments expense over the vesting period. Stock options granted are measured at their fair value on the grant date. Warrants issued to brokers are measured at their fair value on the grant date and are recognized as a deduction from equity and credited to contributed surplus. The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model.

Any consideration received on the exercise of stock options or warrants together with the related portion of reserves is credited to share capital.

#### **Use of estimates and judgments**

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management's estimates and judgments include:

##### *Going concern*

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

##### *Capitalization of mineral properties*

The application of the Company's accounting policy for mineral properties requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

##### *Determination of fair value of assets acquired*

The assets and liabilities acquired and assumed from Minera Golden Hill S.R.L. (Note 5(b)) and Minera Meranti Ltd. (Note 5(c)) are measured at fair value based upon the total acquisition consideration and any non-controlling interest. The determination of the individual fair values of assets and liabilities required the use of significant estimates, specifically the provision for reclamation.

*Business combinations*

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that can create outputs. The Company determined that Minera Golden Hill S.R.L. and Minera Meranti Ltd. was an asset acquisition and not a business combination.

*Decommissioning, restoration and similar provisions*

Significant judgements and estimates are involved in forming expectations of the amounts and timing of future reclamation and closure costs. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at the present value of discounted cash flows for the estimated liabilities. Carrying value is determined based on the net present value of estimated future cash expenditure for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the company's assets. Such estimates are subject to change based on changes in laws and regulations and interpretations by regulatory authorities.

*Inputs to the Black-Scholes options pricing model*

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

*Income taxes*

Income assets and liabilities are recognized for the estimated tax consequences between amounts included in the consolidated financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. The Company believes that its accruals for tax balances are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. These differences could materially impact net income (loss).

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of financial performance and cash flows.

**4. Accounting Standards Issued But Not Yet Effective**

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

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**5. Exploration and Evaluation Assets**

	Santas Gloria Silver Property(a)	Golden Hill Property(b)	East Trend and Media Sur Property(c)	San Jose Silver Property(d)	Total
<b>Balance, February 28, 2022</b>	2,345,039	1,632,083	-	1,609,537	5,586,659
<b>Acquisition costs</b>					
Cash	-	628,323	-	-	628,323
Shares and warrants	-	97,391	-	-	97,391
<b>Total acquisition costs</b>	-	725,714	-	-	725,714
<b>Exploration costs</b>					
Administration	181,227	32,260	-	139,858	353,345
Assays	-	171,370	-	-	171,370
Drilling	-	529,487	-	-	529,487
Field costs	26,207	23,415	-	401	50,023
Geological	10,665	486,302	-	7,294	504,261
Other	37,155	246,253	-	23,778	307,186
Project management	116,481	234,761	-	49,241	400,483
<b>Total exploration costs</b>	371,735	1,723,848	-	220,572	2,316,155
<b>Impairment</b>	-	-	-	(1,830,109)	(1,830,109)
<b>Purchase price adjustments</b>	-	1,774,853	-	-	1,774,853
<b>Balance, February 28, 2023</b>	2,716,774	5,856,498	-	-	8,573,272
<b>Acquisition costs</b>					
Cash	67,888	-	-	-	67,888
Shares	-	-	130,000	-	130,000
<b>Total acquisition costs</b>	67,888	-	130,000	-	197,888
<b>Exploration costs</b>					
Administration	184,456	-	-	-	184,456
Field costs	15,673	-	-	-	15,673
Geological	-	154,495	-	-	154,495
Other	-	9,915	-	-	9,915
Project management	61,392	-	-	-	61,392
Permitting	18,630	-	-	-	18,630
<b>Total exploration costs</b>	280,151	164,410	-	-	444,561
<b>Impairment</b>	(196,224)	-	(130,000)	-	(326,224)
<b>Disposal of subsidiary</b>	-	(6,020,908)	-	-	(6,020,908)
<b>Balance, February 29, 2024</b>	2,868,589	-	-	-	2,868,589

(a) Santas Gloria Silver Property

The Santas Gloria silver property ("Santas Gloria") is 100% owned by First Andes. It is comprised of three mineral concessions totaling 1,100 hectares and is located 55 kilometers east of Lima, Peru.

First Andes entered into an acquisition agreement for the three core mineral concessions dated October 6, 2020, as amended in September 2022 (the "Santas Gloria Agreement"). Under the terms of the Santas Gloria Agreement (as amended), First Andes is required to pay the former property owners (i) US \$340,000 (paid), (ii) US \$200,000 in monthly installments (paid), and (iii) incur a total of US \$1,500,000 in exploration expenditures (US \$500,000 by October 2021 (incurred) and US \$1,000,000 by June 2023) on the Santas Gloria silver property. During the year ended February 29, 2024, the Company paid US\$50,000 (\$67,888) to extend the exploration expenditures date from June 2023 to November 30, 2024.

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First Andes will also pay a one-time discovery bonus of US \$1,000,000 upon announcement of a resource estimate of 10,000,000 ounces silver equivalent on the three mineral concessions of the Santas Gloria property acquired under the Santas Glorias Agreement dated October 6, 2020. This bonus is contingent purchase consideration, and no amount has been accrued as a liability due to the inherent uncertainty in an obligation based solely on a future resource estimate on an exploration stage property.

On July 15, 2021, First Andes entered into a purchase agreement with a third-party property vendor to acquire four mineral concessions totaling 2,302 hectares. These four mineral concessions are located adjacent to and/or in the near vicinity of the three core concessions. On September 7, 2021, the Company issued 50,000 shares with a fair value of \$132,500 and paid US\$50,000 (\$63,724) to the property vendor to acquire these four mineral concessions. During the year ended February 29, 2024, the Company determined to let these concessions lapse and accordingly, recorded impairment expense of \$196,224.

(b) Golden Hill Property

The Company had an option to acquire up to 80% of Minera Golden Hill S.R.L. ("MGH") from Luis Fernando Kinn Cortez (the "Optionor"). The Golden Hill property is wholly-owned by MGH and is accessed through the mining town of San Ramon in the department of Santa Cruz, Bolivia. The property is comprised of one concession totaling 5,961 hectares.

On August 28, 2023, the agreement was terminated.

Under the terms of an option agreement dated August 23, 2021 (the "Golden Hill Option Agreement"), the Company had the option to acquire up to an 80% interest in MGH by making the following cash payments and share issuances and incurring the following exploration expenditures.

On August 25, 2022, the Company earned an initial 51% interest (the "First Option") in MGH by:

Paying US \$500,000 to the Optionor as follows:

- i. US \$25,000 on August 23, 2021 (the "effective date"), (paid)
- ii. US \$75,000 six weeks after the effective date, (paid)
- iii. US \$200,000 six months after the effective date (paid), and,
- iv. US \$200,000 twelve months after the effective date (paid).

Issuing a total of 200,000 units of the Company (a "Unit") to the Optionor as follows:

- i. 50,000 Units three months after the effective date, (issued at the fair value of \$95,000 for the shares and \$28,621 for warrants)
- ii. 50,000 Units six months after the effective date (issued at the fair value of \$80,000 for the shares and \$23,662 for the warrants), and
- iii. 100,000 Units twelve months after the effective date (issued at the fair value of \$75,000 for the shares and \$22,391 for the warrants).

Incurring US \$250,000 in exploration expenditures on or before the first anniversary of the effective date (incurred).

On August 25, 2022, the Company exercised its option to acquire a 51% interest in MGH. The acquisition was considered to be an asset acquisition under IFRS as MGH did not meet the definition of a business pursuant to IFRS 3.

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<b>Net assets acquired</b>	\$
Assets acquired	
Cash	19,643
Prepaid expenses	3,774
Receivables	9,348
Equipment	94,293
Exploration and evaluation assets	3,057,810
Liabilities assumed	
Accounts payable and other liabilities	(284,267)
Reclamation provision	(385,000)
<b>Net assets acquired</b>	<b>2,515,601</b>
<b>Non-controlling interest</b>	<b>(1,232,644)</b>
51% Interest Acquired	<b>1,282,957</b>
<b>Consideration paid</b>	
Cash	640,508
Fair value of shares issued	250,000
Fair value of warrants issued	74,674
Exploration expenditures	317,775
<b>Total consideration paid</b>	<b>1,282,957</b>

Legal fees and other transaction costs of \$204,967 were incurred during the year ended February 28, 2022 and capitalized to the exploration and evaluation assets which pertain to the MGH Option. On acquisition, the Company recognized a non-controlling interest of \$1,232,644, a reclamation provision of \$385,000 and assumed other liabilities of \$157,209 net of other assets acquired; these amounts total \$1,774,853 and are reflected as purchase price adjustments in the cost of the Golden Hill Property, as these amounts relate to the acquisition of the property.

The provision for reclamation had the greatest uncertainty in estimation. Refer to Note 8.

The Company had the option to earn an additional 19% interest (the "Second Option") for a total of 70% interest in MGH by:

- i. Paying US\$500,000 to the Optionor on or before the second anniversary of the effective date (August 23, 2023);
- ii. Issuing 150,000 Units to the Optionor on or before the second anniversary of the effective date (August 23, 2023); and
- iii. Incurring US\$250,000 in exploration expenditures on or before the second anniversary of the effective date (August 23, 2023).

The Company had an option to earn an additional 10% interest (the "Third Option") for a total of 80% interest in MGH by:

- i. Paying US\$500,000 to the Optionor on or before the third anniversary of the effective date (August 23, 2024);
- ii. Issuing 50,000 Units to the Optionor on or before the third anniversary of the effective date (August 23, 2024); and
- iii. Incurring US\$1,000,000 in exploration expenditures on or before the third anniversary of the effective date (August 23, 2024).

Each Unit issuable under the Golden Hill Option Agreement consists of one common share of the Company and one-half of one share purchase warrant (a "Warrant"), with each Warrant exercisable at the Market Price (as defined by the rules of the TSX Venture Exchange) on the date of issue for a period of two years from the date of issue.

In the event that the Company exercises the First Option or Second Option but fails to exercise the Third Option, the Company's 51% or 70% interest will be returned and replaced with a 2% net smelter return royalty, which may be repurchased at a price of US\$1,000,000. If the Company exercises the Third Option and acquires an 80% interest in MGH, the Company will grant a 2% net smelter return royalty to the Optionor, which may be repurchased at a price of US\$1,000,000. As the agreement was terminated on August 28, 2023 after having exercised the First Option but not the Second Option or Third Option, the Company relinquished its 51% interest in MGH and received a 2% net smelter return royalty.

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The following table outlines the net assets disposed of on August 28, 2023 and the loss on disposal of subsidiary:

<b>Net assets disposed</b>	\$
Assets disposed	
Cash	113
Prepaid expenses	21,525
Receivables	44,495
Equipment	94,293
Exploration and evaluation assets	6,020,908
Liabilities disposed	
Accounts payable and other liabilities	(233,913)
Reclamation provision	(403,000)
<b>Net assets disposed</b>	<b>5,544,421</b>
<b>Reclassification of translation of foreign operations</b>	<b>10,912</b>
<b>Non-controlling interest</b>	<b>(1,189,118)</b>
<b>Loss on disposal of subsidiary</b>	<b>4,366,215</b>

The loss from discontinued operations during the years ended February 29, 2024 and February 28, 2023 is as follows:

	2024	2023
	\$	\$
Accounting	2,657	4,792
Accretion (Note 8)	10,000	8,000
Foreign exchange loss	-	21,134
Management and consulting	14,486	-
Office and miscellaneous	22,333	13,426
Loss from disposal of subsidiary	4,366,215	-
<b>Loss from discontinued operations</b>	<b>4,415,691</b>	<b>47,352</b>

(c) East Trend and Media Sur Property

On May 2, 2023, the Company entered into a Share Purchase Agreement to acquire the East Trend and Media Sur licenses in Bolivia by acquiring Minera Meranti Ltd, a Bolivian company that holds title to the East Trend and Media Sur licenses from a third party (the "Vendor"). Under the terms of the Share Purchase Agreement, the Vendor will be entitled to a bonus payment of US\$3 for every one ounce of gold and/or gold equivalent of measure resource, indicated or inferred resource, or any combination therefore, on the mineral properties above 500,000 ounces of gold and/or gold equivalent. The total amount of cash that the Vendor may receive is US\$1,500,000 (the "Maximum Amount"). This bonus is contingent purchase consideration, and no amount has been accrued as a liability due to the inherent uncertainty in an obligation based solely on a future resource estimate on an exploration stage property. The Maximum Amount applies to both the properties and the Vendor is not entitled to the Maximum Amount for each property. On June 12, 2023, the Company issued 200,000 common shares at the fair value of \$130,000 to acquire all of the issued and outstanding shares of Minera Meranti Ltd. The acquisition of Minera Meranti Ltd. was accounted for as an asset acquisition because the net assets consisted solely of the East Trend and Media Sur licenses which are exploration stage properties.

During the year ended February 29, 2024, the Company determined not to proceed with this Bolivian property and accordingly, recorded impairment expense of \$130,000.

(d) San Jose Silver Property

The San Jose silver property was 100% owned by First Andes. It comprised five concessions totaling 3,300 hectares located 180 kilometers north of Lima, Peru.

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On August 25, 2022, the Company announced that it elected to relinquish its interest in the San Jose silver property. Accordingly, the Company recorded impairment expenses of \$1,830,109 during the year ended February 28, 2023.

The following details are noted for historical comparative purposes. First Andes entered into an acquisition agreement dated July 29, 2020, as amended in November 2020, ("San Jose Agreement") with the vendors of the San Jose silver property. Under the terms of the San Jose Agreement, First Andes was required to pay and issue to the vendors of four of the five concessions that comprised the San Jose silver property: (i) US \$80,000 on signing of the San Jose Agreement (paid), (ii) US \$40,000 on October 28, 2020 (paid), (iii) US \$60,000 in July 2021 (paid), (iv) US \$90,000 in July 2022, (v) US \$150,000 in July 2023, (vi) 37,500 shares (issued) and 12,500 warrants (issued) on listing with the Exchange, and (vii) 37,500 shares (issued) and 12,500 warrants (issued) six months after listing on the Exchange. In the event that the Company determined not to make any of the payments, the title to the concessions was to return to the former owners.

First Andes was also required to incur a total of US \$150,000 in exploration expenditures on the San Jose property by July 2023. Four of the five concessions of the San Jose silver property were subject to a 2% net smelter return royalty, of which First Andes had the right to repurchase each 1% net smelter return royalty for a payment of US \$750,000 or US \$1,500,000 for the entire 2% net smelter return royalty.

On October 16, 2020, First Andes entered into a public deed with a third party vendor to acquire the Fortune Key Jof mineral concession, which totals 600 hectares. In consideration of the Fortune Key Jof mineral concession, First Andes paid US \$50,000 to the property owners. The Fortune Key Jof mineral concession, of which First Andes has retained ownership, is located adjacent to the San Jose silver property.

**6. Accounts Payable and Other Liabilities**

	<b>February 29, 2024</b>	February 28, 2023
	\$	\$
Trade payables and accrued liabilities	<b>793,905</b>	<b>275,780</b>
Loans payable		<b>72,903</b>
Taxes payable	-	<b>89,001</b>
	<b>793,905</b>	<b>437,684</b>

Loans payable were unsecured, non-interest bearing and due on demand. These loans payable were acquired as part of the 51% acquisition of MGH (Note 5(b)). Taxes payable were also acquired as part of the 51% acquisition of MGH (Note 5(b)). On August 28, 2023, the termination of the Golden Hill Option Agreement resulted in the disposal of MGH which included the loans payable and the taxes payable.

**7. Demand Loans**

During the year ended February 29, 2024, the Company received \$90,000 of non-interest bearing due on demand loans from a corporation controlled by a director of the Company.

During the year ended February 29, 2024, the Company also received additional non-interest bearing due on demand loans from shareholders totaling US\$75,170 (\$101,917).

As at February 29, 2024, the total balance of demand loans was \$191,917.

Subsequent to February 29, 2024, the demand loans were repaid in full.

**8. Provision for Reclamation**

The Company had recognized a provision for the reclamation of the Golden Hill Property (Note 5(b)) and management has determined that no significant reclamation liabilities exist in connection with the activities on its other properties. The Company had calculated the present value of the reclamation provision at February 28, 2023 using a pre-tax discount rate of 5.0% and inflation rate of 5.0%. The estimated total future undiscounted, but inflation-adjusted, cash flows to settle the provision for reclamation at August 28, 2023 (date of disposal, Note 5(b)) and February 28, 2023 was \$643,000. The Company had estimated that payments would be made in 2033.

	<b>February 29, 2024</b>	February 28, 2023
	<b>\$</b>	<b>\$</b>
Balance, beginning of the year	<b>393,000</b>	-
Provision on acquisition of MGH (Note 5(b))	-	385,000
Accretion expense	<b>10,000</b>	8,000
Disposal of MGH (Note 5(b))	<b>(403,000)</b>	-
<b>Balance, end of the year</b>	<b>-</b>	<b>393,000</b>

**9. Share Capital**

**a. Common shares authorized**

Unlimited number of common shares.

**b. Share consolidation**

Effective December 21, 2023, the Company consolidated its common shares on the basis of one new common share for every ten old common shares issued and outstanding at that time. All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

**c. Common share issuances**

During the year ended February 29, 2024, the Company entered into the following common share transactions:

- On March 16, 2023, the Company completed a non-brokered private placement of 730,740 units at \$0.50 per unit for gross proceeds of \$365,370. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share at a price of \$1.00 per share up to March 16, 2024. The Company used the residual method to bifurcate the unit value with \$219,222 allocated to the common shares based on the fair value of the shares at the date of issuance, and the \$146,148 residual to the warrants.
- In connection with the private placement, the Company issued 34,300 finders' warrants exercisable at \$0.50 per share up to March 16, 2025. The finders' warrants were fair valued at \$4,765 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.30; exercise price - \$0.50; risk-free interest rate of 2.95%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 110%. In addition, the Company incurred other cash issuance costs including finders' fees, legal fees and filing fees of \$22,278.
- On June 12, 2023, the Company issued 200,000 common shares at the fair value of \$130,000 pursuant to the acquisition of the East Trend and Media Sur property (Note 5(c)).

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During the year ended February 28, 2023, the Company entered into the following common share transactions:

- On August 23, 2022, 100,000 common shares at the fair value of \$75,000 and 50,000 warrants were issued pursuant to the First Option under the Golden Hill Option Agreement. The share purchase warrants were fair valued at \$22,391 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.75; exercise price - \$0.80; risk-free interest rate of 2.75%; expected life - 2 years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.

**d. Options**

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants. The maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the market price of a common share on the trading day immediately preceding the date of option grant. The vesting terms of the awards are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 30 days of termination of employment or holding office as a director or officer of the Company.

Changes in share purchase options during the years ended February 29, 2024 and February 28, 2023 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2022	551,500	\$3.49	4.28
Granted	420,000	\$0.66	
Cancelled	(195,000)	\$3.50	
Forfeited	(100,000)	\$3.13	
Outstanding, February 28, 2023	676,500	\$1.79	4.26
Forfeited	(314,000)	\$1.80	
Outstanding and exercisable, February 29, 2024	362,500	\$2.00	3.25

During the year ended February 29, 2024, the Company recorded share-based payment expense of \$nil (February 28, 2023 - \$133,641). There were no options granted during the year ended February 29, 2024. The weighted average fair value of share purchase options granted during the year ended February 28, 2023 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.50; exercise price - \$0.66; risk-free interest rate - 3.20%; expected life - five years; dividend yield - 0%; forfeiture rate - 0% and annualized volatility - 119%.

At February 29, 2024, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Number	Exercise Price	Expiry Date
(1) 117,500	\$3.50	June 1, 2026
40,000	\$2.50	September 15, 2026
10,000	\$3.50	May 3, 2027
195,000	\$0.50	February 27, 2028
<u>362,500</u>		

(1) Subsequent to February 29, 2024, 35,000 of these stock options were forfeited.

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**e. Warrants**

Changes in share purchase warrants during the years ended February 29, 2024 and February 28, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, February 28, 2022	1,307,440	\$5.33	0.32
Issued	50,000	\$0.80	
Expired	(1,232,440)	\$5.50	
Outstanding, February 28, 2023	125,000	\$1.82	1.26
Issued	765,040	\$1.00	
Expired	(50,000)	\$0.50	
Outstanding, February 29, 2024	840,040	\$1.01	0.12

At February 29, 2024, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
<sup>(1)</sup> 730,740	\$1.00	March 16, 2024
12,500	\$2.50	May 21, 2024
50,000	\$0.80	August 23, 2024
12,500	\$2.50	November 30, 2024
34,300	\$0.50	March 16, 2025
<u>840,040</u>		

<sup>(1)</sup> Subsequent to February 29, 2024, these warrants expired unexercised.

**f. Basic and diluted loss per share**

During the year ended February 29, 2024, potentially dilutive common shares totaling 1,202,540 (February 28, 2023 - 801,500) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive. Potentially dilutive common shares are from exercisable share purchase options and share purchase warrants.

**g. Escrow shares**

The Company entered into escrow agreements and 688,941 common shares of the Company were placed in escrow. Under the escrow agreements, the common shares held in escrow will be released from escrow as follows: 68,893 on May 21, 2021 (released) and 103,341 common shares on each of November 21, 2021 (released), May 21, 2022 (released), November 21, 2022 (released), May 21, 2023 (released), November 21, 2023 (released) and May 21, 2024 (released subsequent to February 29, 2024).

As at February 29, 2024, 103,341 common shares remained in escrow (2023 – 310,023).

**10. Key Management Compensation, Related Party Transactions and Balances**

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the board of directors and corporate officers. The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

During the years ended February 29, 2024 and February 28, 2023, the Company incurred the following expenditures charged by directors and officers of the Company, or former directors and officers of the Company, and/or companies they owned or were significant shareholders of:

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	<b>2024</b>	2023
	\$	\$
Accounting fees	<b>96,000</b>	101,004
Directors' fees	<b>20,189</b>	91,188
Legal fees and share issuance costs	<b>92,702</b>	98,693
Management and consulting	<b>100,776</b>	265,123
Mineral property expenditures	-	267,296
Shareholder communications	<b>11,000</b>	5,000
Share-based payments - options	-	73,276
	<b>320,667</b>	901,580

The remuneration of key management personnel for the year ended February 29, 2024 and February 28, 2023 is as follows:

	<b>2024</b>	2023
	\$	\$
Short-term benefits	<b>320,667</b>	828,304
Share-based payments - options	-	73,276
	<b>320,667</b>	901,580

At February 29, 2024, accounts payable and accrued liabilities include due to current and former related parties of \$273,709 (February 28, 2023 - \$44,577) and demand loans include due to related parties of \$90,000 (February 28, 2023 - \$nil) owed to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

## 11. Income Taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax expense for the years ended February 29, 2024 and February 28, 2023 is as follows:

	<b>2024</b>	2023
	\$	\$
Statutory tax rate	<b>27.00%</b>	27.00%
Loss from continuing operations before recovery of income taxes	<b>(1,265,223)</b>	(3,048,308)
Expected income tax expense (recovery)	<b>(341,610)</b>	(823,044)
Permanent and other difference	<b>(6,015)</b>	59,512
Non-deductible portion of capital items and rate differences	<b>14,420</b>	(849,214)
Loss attributes from disposal of subsidiary	<b>(596,635)</b>	
Change in unrecognized deferred tax assets	<b>929,840</b>	1,612,746
Income tax expense	-	-

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The significant components of the Company's deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same jurisdiction, as at February 29, 2024 and February 28, 2023 are as follows:

	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
Deferred income tax assets (liabilities)		
Non-capital losses carried forward	<b>1,053,286</b>	712,861
Capital losses	<b>614,185</b>	-
Mineral properties	<b>648,310</b>	649,700
Share issuance costs and other	<b>56,561</b>	79,941
	<hr/>	<hr/>
<b>Total unrecognized deferred income tax assets</b>	<b>2,372,342</b>	1,442,502

At February 29, 2023, the Company has non-capital losses in Canada of approximately \$3,661,000 that expire between 2040 and 2044, available for deduction against future years taxable income and approximately \$220,000 in Peru. As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized as realization is considered not probable.

## 12. Financial Instruments

### *Management of Capital*

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the exploration and development of its mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of share capital, reserves and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and by controlling the capital expenditures program.

The mineral properties are in the exploration stage. As such, the Company is dependent on external financing to develop its properties and fund its activities. In order to carry out its planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available, and may even dispose of its interest in the mineral properties.

Management reviews its capital management approach on an ongoing basis and no changes were made to the approach during the year ended February 29, 2024. At February 29, 2024 the Company was not subject to any externally imposed capital requirements.

### *Risk Management*

Discussions of risks associated with financial assets and liabilities are detailed below:

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

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Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of minerals under exploration.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Refer to the going concern note for additional disclosure (Note 2). As at February 29, 2024 and February 28, 2023, the Company had working capital as follows:

	2024 \$	2023 \$
Current assets	37,546	446,851
Current liabilities	(985,822)	(437,684)
<b>Working capital (deficiency)</b>	<b>(948,276)</b>	<b>9,167</b>

Market Risk

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

a) *Currency Risk*

As at February 29, 2024 and February 28, 2023, most of the Company's cash was held in Canadian dollars, the Company's functional currency. The Company has operations in foreign jurisdictions outside of Canada and as such has currency risk associated with its operations. The Company mitigates this risk by holding a small amount of cash in foreign currencies.

b) *Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As the Company has no interest bearing financial instruments, the Company is not exposed to interest rate risk.

c) *Price Risk*

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Company has no financial instruments subject to price risk.

**13. Non-cash Transactions**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the year ended February 29, 2024, the following transactions were excluded from the consolidated statement of cash flows:

- a) deferred exploration expenditures of \$206,465 included in accounts payable and accrued liabilities at February 29, 2024, less expenditures included in accounts payable at February 28, 2023 of \$21,575 (net exclusion of \$184,890);
- b) the issuance by the Company of 34,300 finders' warrants at the fair value of \$4,765 in connection with the March 16, 2023 private placement; and,  
  
the issuance by the Company of 200,000 common shares at the fair value of \$130,000 pursuant to a mineral property agreement.

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During the year ended February 28, 2023, the following transactions were excluded from the consolidated statement of cash flows:

- a) deferred exploration expenditures of \$21,575 included in accounts payable and accrued liabilities at February 28, 2023, less expenditures included in accounts payable at February 28, 2022 of \$208,265 (net inclusion of \$186,690); and,
- b) the issuance by the Company of 100,000 common shares at the fair value of \$75,000 and 50,000 share purchase warrants at the fair value of \$22,391 pursuant to a mineral property agreement.

#### **14. Subsequent Events**

Subsequent to February 29, 2024:

- On April 3, 2024, the Company completed a non-brokered private placement of 26,000,000 common shares at \$0.05 per share for gross proceeds of \$1,300,000. The Company paid finder's fees in cash totaling \$31,150 and issued 623,000 finders' warrants exercisable at \$0.05 per share up to March 28, 2026. As of the date of approval of these consolidated financial statements, the Company had subscriptions receivable of \$100,000.

As at February 29, 2024, the Company had received \$7,500 of subscriptions towards this private placement.

- \$191,917 of demand loans were repaid.
- 35,000 share purchase options were forfeited.
- 730,740 share purchase options expired unexercised.