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**OROSUR MINING INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED MAY 31, 2023 AND 2022**  
**(EXPRESSED IN THOUSANDS OF UNITED STATES**  
**DOLLARS)**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Orosur Mining Inc.:

### **Opinion**

We have audited the consolidated financial statements of Orosur Mining Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statement of financial position as at May 31, 2023, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in deficit and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended May 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section of our auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <b>Presentation and measurement of assets and liabilities held for sale and of discontinued operations in Uruguay</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>Refer to Note 6</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Our approach to addressing the matter included the following procedures, among others:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>The Company's wholly-owned subsidiary, Loryser S.A. ("Loryser"), negotiated a court-approved agreement during fiscal 2020 to dispose of its line of business which had consisted of a mine under development. The agreement contemplates that the net proceeds from the sale of Loryser's assets, together with the sale of the issued 10 million common shares of Orosur Mining Inc. to a trust for the benefit of Loryser's creditors, shall satisfy all amounts owing to Loryser's creditors, as well as provide funds for Loryser to pay its former employees and close the business responsibly.</p> <p>As at May 31, 2023, Loryser has sold all of its remaining assets and all of the common shares held by the trust have been sold.</p> <p>The Company's assets and liabilities in Uruguay have been presented as assets and liabilities held for sale and the items of profit or loss have been presented as discontinued operations in the consolidated financial statements.</p> <p>We considered this a key audit matter due to the significance of assets and liabilities held for sale and of discontinued operations in Uruguay and the judgments and estimates made by management in their assessment of the environmental rehabilitation provision and other accounts payable and accrued liabilities in accordance with the reclamation plan. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgments applied and estimates made by management.</p> | <p>Evaluated the presentation of assets and liabilities held for sale and of discontinued operations in the consolidated financial statements, which included the following procedures:</p> <ul style="list-style-type: none"> <li>• Held discussions with management, and reviewed Board minutes to assess the status of the disposal of the discontinued operations in Uruguay and the actions required to complete the disposal.</li> <li>• Performed procedures testing the accuracy and completeness of the environmental rehabilitation provision and other accounts payable and accrued liabilities against the reclamation plan. Tested a statistical sample of rehabilitation costs incurred.</li> </ul> |

| Assessment of the existence of impairment indicators for exploration and evaluation assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Refer to Note 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Our approach to addressing the matter included the following procedures, among others:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>As at May 31, 2023, the carrying amount of the Company's exploration and evaluation assets was \$3,334,000.</p> <p>At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any one of the following indicators:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>No impairment indicators were identified by management as at May 31, 2023.</p> <p>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p> | <ul style="list-style-type: none"> <li>• Evaluated the judgments made by management in assessing for the presence of impairment indicators, which included the following: Obtained evidence to support the right to explore the properties under the title permits held by the Company.</li> <li>• Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures.</li> <li>• Assessed whether current data, where available, indicates the potential for commercially viable mineral resources.</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul> |

### ***Other Matter***

The consolidated financial statements of the Company for the year ended May 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on September 27, 2022.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

- error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
September 28, 2023

# Orosur Mining Inc.

## Consolidated Statements of Financial Position (Expressed in thousands of United States dollars)

|                                                    | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|----------------------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                      |                          |                          |
| <b>Current assets</b>                              |                          |                          |
| Cash                                               | \$ 3,748                 | \$ 4,221                 |
| Restricted cash (note 16)                          | 12                       | 353                      |
| Accounts receivable and other assets (note 7)      | 219                      | 186                      |
| Assets held for sale in Uruguay (note 6)           | 989                      | 1,160                    |
| <b>Total current assets</b>                        | <b>4,968</b>             | <b>5,920</b>             |
| <b>Non-current assets</b>                          |                          |                          |
| Property, plant and equipment (note 9)             | 123                      | 113                      |
| Exploration and evaluation assets (note 10)        | 3,334                    | 5,441                    |
| <b>Total assets</b>                                | <b>\$ 8,425</b>          | <b>\$ 11,474</b>         |
| <b>LIABILITIES AND DEFICIT</b>                     |                          |                          |
| <b>Current liabilities</b>                         |                          |                          |
| Accounts payable and accrued liabilities (note 11) | \$ 336                   | \$ 389                   |
| Liability of Chile discontinued operation (note 6) | 2,204                    | 2,058                    |
| Warrant liability (note 12)                        | -                        | 168                      |
| Liabilities held for sale in Uruguay (note 6)      | 12,546                   | 13,134                   |
| <b>Total current liabilities</b>                   | <b>15,086</b>            | <b>15,749</b>            |
| <b>Deficit</b>                                     |                          |                          |
| Share capital (note 15)                            | 69,341                   | 69,339                   |
| Share-based payments reserve                       | 10,539                   | 10,540                   |
| Currency translation reserve                       | (2,725)                  | (2,125)                  |
| Deficit                                            | (83,816)                 | (82,029)                 |
| <b>Total deficit</b>                               | <b>(6,661)</b>           | <b>(4,275)</b>           |
| <b>Total liabilities and deficit</b>               | <b>\$ 8,425</b>          | <b>\$ 11,474</b>         |

Nature of operations and going concern (note 1)

### Approved on behalf of the Board:

(Signed) "Louis Castro" Chairman of the Board

(Signed) "Thomas Masney" Audit Committee Chair

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

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**Orosur Mining Inc.**

**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in thousands of United States dollars)**  
**(except common shares and per share amounts)**

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|                                                                                            | <b>Year Ended<br/>May 31,<br/>2023</b> | <b>Year Ended<br/>May 31,<br/>2022</b> |
|--------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Corporate and administrative expenses (note 20)                                            | \$ (1,869)                             | \$ (1,792)                             |
| Exploration expenses                                                                       | (141)                                  | (143)                                  |
| Share-based compensation (note 20)                                                         | -                                      | (887)                                  |
| Other income                                                                               | 21                                     | 23                                     |
| Net finance cost                                                                           | (16)                                   | (19)                                   |
| Gain on fair value of warrants (note 12)                                                   | 168                                    | 1,566                                  |
| Foreign exchange (loss) gain net                                                           | 94                                     | (193)                                  |
| <b>Net (loss) for the year for continuing operations</b>                                   | <b>(1,743)</b>                         | <b>(1,445)</b>                         |
| (Loss) income from discontinued operations (note 6)                                        | (44)                                   | 334                                    |
| <b>Net (loss) for the year</b>                                                             | <b>(1,787)</b>                         | <b>(1,111)</b>                         |
| <b>Other comprehensive (loss):</b>                                                         |                                        |                                        |
| Item which may be subsequently reclassified to profit or loss:                             |                                        |                                        |
| Cumulative translation adjustment                                                          | (600)                                  | (299)                                  |
| <b>Total comprehensive (loss) for the year</b>                                             | <b>(2,387)</b>                         | <b>(1,410)</b>                         |
| <b>Basic and diluted net (loss) income per share for continuing operations</b> (note 19)   | <b>\$ (0.01)</b>                       | <b>\$ (0.01)</b>                       |
| <b>Basic and diluted net (loss) income per share for discontinued operations</b> (note 19) | <b>\$ (0.00)</b>                       | <b>\$ 0.00</b>                         |
| <b>Weighted average number of common shares outstanding</b>                                | <b>188,548</b>                         | <b>188,432</b>                         |

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

# Orosur Mining Inc.

## Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

|                                                                  | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Operating activities</b>                                      |                               |                               |
| Net loss for the year for continuing and discontinued operations | \$ (1,787)                    | \$ (1,111)                    |
| Adjustments for:                                                 |                               |                               |
| Depreciation / Write downs                                       | (10)                          | (121)                         |
| Share-based payments                                             | -                             | 887                           |
| Payments for environmental rehabilitation                        | (269)                         | (705)                         |
| Labour provision adjustments                                     | -                             | (1,177)                       |
| Write down of inventories                                        | 326                           | (1,240)                       |
| Gain on fair value of warrants                                   | (168)                         | (1,566)                       |
| Accretion of asset retirement obligation                         | (753)                         | (140)                         |
| Gain on sale of property, plant and equipment                    | (128)                         | (462)                         |
| Foreign exchange and other                                       | (133)                         | 335                           |
| Changes in non-cash working capital items:                       |                               |                               |
| Accounts receivable and other assets                             | (828)                         | 30                            |
| Inventories                                                      | -                             | 1,723                         |
| Accounts payable and accrued liabilities                         | 685                           | (2,203)                       |
| <b>Net cash used in operating activities</b>                     | <b>(3,065)</b>                | <b>(5,750)</b>                |
| <b>Investing activities</b>                                      |                               |                               |
| Decrease in restricted cash                                      | 342                           | 1,014                         |
| Proceeds received for sale of property, plant and equipment      | 734                           | 462                           |
| Purchase of property, plant and equipment                        | (31)                          | (3)                           |
| Proceeds received from exploration and option agreement          | 2,246                         | 1,365                         |
| Exploration and evaluation expenditures                          | (734)                         | (1,780)                       |
| <b>Net cash provided by investing activities</b>                 | <b>2,557</b>                  | <b>1,058</b>                  |
| <b>Financing activities</b>                                      |                               |                               |
| Proceeds from the sale of treasury shares                        | -                             | 1,228                         |
| Proceeds from exercise of options                                | 2                             | 4                             |
| <b>Net cash provided by financing activities</b>                 | <b>2</b>                      | <b>1,232</b>                  |
| <b>Net change in cash</b>                                        | <b>(506)</b>                  | <b>(3,460)</b>                |
| <b>Net change in cash classified within assets held for sale</b> | <b>33</b>                     | <b>723</b>                    |
| <b>Cash, beginning of year</b>                                   | <b>4,221</b>                  | <b>6,958</b>                  |
| <b>Cash end of year</b>                                          | <b>\$ 3,748</b>               | <b>\$ 4,221</b>               |
| <b>Operating activities</b>                                      |                               |                               |
| - continuing operations                                          | (2,298)                       | (4,565)                       |
| - discontinued operations                                        | (767)                         | (1,185)                       |
| <b>Investing activities</b>                                      |                               |                               |
| - continuing operations                                          | 1,823                         | 596                           |
| - discontinued operations                                        | 734                           | 462                           |
| <b>Financing activities</b>                                      |                               |                               |
| - continuing operations                                          | 2                             | 1,232                         |
| <b>Supplemental information:</b>                                 |                               |                               |
| Interest paid (received)                                         | \$ -                          | \$ -                          |
| Income taxes paid (recovered)                                    | \$ -                          | \$ -                          |
| Non cash investing and financing activities                      | \$ -                          | \$ -                          |

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

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**Orosur Mining Inc.****Consolidated Statements of Changes in Deficit**  
**(Expressed in thousands of United States dollars)**

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|                                                   | Share<br>capital | Shares issued<br>to Trust | Share-based<br>payment<br>reserve | Currency<br>translation<br>reserve | Deficit            | Total             |
|---------------------------------------------------|------------------|---------------------------|-----------------------------------|------------------------------------|--------------------|-------------------|
| <b>Balance, May 31, 2021</b>                      | <b>\$ 69,333</b> | <b>\$ (165)</b>           | <b>\$ 8,591</b>                   | <b>\$ (1,826)</b>                  | <b>\$ (80,918)</b> | <b>\$ (4,985)</b> |
| Shares sold by Trust (note 16)                    | -                | 165                       | 1,063                             | -                                  | -                  | 1,228             |
| Options exercised                                 | 6                | -                         | (1)                               | -                                  | -                  | 5                 |
| Stock-based compensation                          | -                | -                         | 887                               | -                                  | -                  | 887               |
| Currency translation adjustment                   | -                | -                         | -                                 | (299)                              | -                  | (299)             |
| Net loss for the year for continuing operations   | -                | -                         | -                                 | -                                  | (1,445)            | (1,445)           |
| Net loss for the year for discontinued operations | -                | -                         | -                                 | -                                  | 334                | 334               |
| <b>Balance, May 31, 2022</b>                      | <b>\$ 69,339</b> | <b>\$ -</b>               | <b>\$ 10,540</b>                  | <b>\$ (2,125)</b>                  | <b>\$ (82,029)</b> | <b>\$ (4,275)</b> |
| Options exercised                                 | 2                | -                         | (1)                               | -                                  | -                  | 1                 |
| Currency translation adjustment                   | -                | -                         | -                                 | (600)                              | -                  | (600)             |
| Net loss for the year for continuing operations   | -                | -                         | -                                 | -                                  | (1,743)            | (1,743)           |
| Net loss for the year for discontinued operations | -                | -                         | -                                 | -                                  | (44)               | (44)              |
| <b>Balance, May 31, 2023</b>                      | <b>\$ 69,341</b> | <b>\$ -</b>               | <b>\$ 10,539</b>                  | <b>\$ (2,725)</b>                  | <b>\$ (83,816)</b> | <b>\$ (6,661)</b> |

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

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)  
(except common shares and per share amounts)

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### 1. Nature of operations and going concern

Orosur Mining Inc. ("Orosur" or "the Company") is focused on identifying and advancing mineral projects in South America.

Orosur was incorporated and is domiciled in Canada and is governed by the corporate laws of the Yukon Territory, Canada. The Company's shares are listed on the TSX Venture Exchange (TSXV) in Canada and the Alternative Investment Market (AIM) of the London Stock Exchange in the United Kingdom. The Company's registered office is 200-204 Lambert Street, Whitehorse, YT, Y1A 1Z4, and principal place of business is Suite 200, 82 Richmond Street East, Toronto, ON, M5C 1P1.

Orosur operates in Canada, Colombia, Argentina, Brazil and has discontinued operations in Uruguay and Chile.

#### Going concern uncertainty

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities that are accounted as assets and liabilities held for sale. Assets held for sale are measured at the lower of cost or recoverable amount. This accounting treatment is applied to the activities in Uruguay. In line with negotiations and the final agreement (the "Agreement") as of December 17, 2018 with creditors in Uruguay (see note 6), the Company's Uruguayan subsidiary Loryser S.A. ("Loryser") is required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business based on the payment plan agreed. The Agreement contemplates those net proceeds from the sale of Loryser's assets in Uruguay together with the issuance of 10 million common shares of Orosur (see note 16) shall satisfy all amounts owing to Loryser's creditors as well as provide funds for Loryser to conduct this process. Accordingly, the activities of Uruguay are consolidated in the financial statements as assets and liabilities held for sale and profit or loss from discontinuing operations. The Agreement was ratified by the Court in September 2019, which makes it legally binding on all trade creditors and the Intervenor's control over Loryser ceased. On December 6, 2019, 10,000,000 common shares were issued to a trust for the benefit of Loryser's creditors. As at May 31, 2023, Loryser had agreed and paid for the settlements with all of its former employees, with the proceeds received from the sale of certain of its assets including the common shares issued to a trust. Loryser finalised the reclamation and remediation works on the tailings dam and has started a one-year post-closure control phase. In addition, Loryser has sold all of its remaining assets, including its plant and equipment, and expects to distribute the proceeds on a pro rata basis, to Loryser's trade creditors via a Court approved paying agent.

As at May 31, 2023, the Company had cash of \$3,748 (May 31, 2022 - \$4,221) and a net working capital deficiency of \$10,118 (May 31, 2022 - \$9,829). During the year ended May 31, 2023, the Company carried an accumulated deficit of \$83,816 (May 31, 2022 - \$82,029).

The Company's continuance as a going concern is dependent on its ability to obtain adequate financing. There is a material uncertainty related to the foregoing conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, with the private placement in December 2020, which raised gross proceeds of £4 million (\$5,372), and was successful in reaching a payment plan agreement with creditors in Uruguay in December 2018, (Court approval received September 13, 2019), there is no assurance on how the agreement with creditors in Uruguay will develop, or that the Company will be able to obtain adequate financing in the future on terms advantageous to the Company.

The consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and consolidated statements of financial position classifications that would be necessary if the going concern assumption was no longer applicable. These adjustments could be material.

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

(except common shares and per share amounts)

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### 2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of September 26, 2023, the date the Board of Directors approved the statements.

#### Principles of consolidation

The consolidated financial statements include the accounts of Orosur and its subsidiaries (collectively "the Group"). Subsidiaries are entities controlled directly or indirectly by Orosur. The Company controls a subsidiary when it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. The Company's list of subsidiaries is included in note 20. All inter-company transactions and balances have been eliminated on consolidation.

#### Foreign currency translation

##### Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currencies of each of the Company's subsidiaries is listed in note 20. The consolidated financial statements are presented in United States dollars, which is the Group's functional currency.

##### Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in profit and loss.

##### Group companies

The financial performance and financial position of all entities in the Group that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- b) equity transactions are translated at the closing exchange rate;
- c) income and expenses for each statement of loss are translated at the exchange rate in effect on date of the transaction (or at average exchange rates for the reporting period); and
- d) all resulting exchange differences are recognized in other comprehensive income / loss and accumulated as a separate component of equity (currency translation reserve).

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

(except common shares and per share amounts)

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## 2. Significant accounting policies (continued)

### Hyperinflation

During the year ended May 31, 2023, the Company acquired exploration and evaluation assets in Argentina, which the Company has identified as a hyperinflationary economy under IAS 29 - Financial reporting in hyperinflationary economies. The designation of an economy as hyperinflationary involves the assessment of several factors and requires the Company to make certain estimates and judgments, such as the assessment of historic inflation rates and anticipation of future trends. Changes in such estimates may significantly impact the carrying amounts of the Company's non-monetary assets or liabilities, and items of profit or loss that are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

### Cash

Cash consist of cash in bank. Restricted cash is cash held in banks that is not available for general corporate use.

### Property, plant and equipment and development costs

Property, plant and equipment are tangible assets including land, buildings, processing plant, computer equipment and software, vehicles, and furniture and office equipment.

Property, plant and equipment are recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets, capitalized borrowing costs. Property, plant and equipment items are depreciated using the straight-line method over the estimated useful life of the asset, with the exception of land, which is not depreciated, and the tailings dam facilities, which are depreciated according to the waste received for its total capacity. Each part of an item with a cost that is significant in relation to the total cost of the item is depreciated separately if their useful lives differ. Expenditures that extend the useful lives of existing facilities or equipment are capitalized and amortized over the remaining useful lives of the assets. Repairs and maintenance expenditures are expensed as incurred.

The following depreciation methods and useful lives are used for depreciating each category of asset under property, plant and equipment:

|                                 | Depreciation method | Useful life (years)   |
|---------------------------------|---------------------|-----------------------|
| Buildings                       | Straight-line       | 3 years               |
| Machinery and equipment         | Straight-line       | Range of 2 to 3 years |
| Processing plant                | Straight-line       | 3 years               |
| Computer equipment and software | Straight-line       | 3 years               |
| Vehicles                        | Straight-line       | 3 years               |
| Furniture and office equipment  | Straight-line       | 3 years               |

### Impairment of non-financial assets

The carrying amount of the Company's property, plant and equipment and development costs are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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## **Orosur Mining Inc.**

### **Notes to Consolidated Financial Statements**

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**(Expressed in thousands of United States dollars)**

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## **2. Significant accounting policies (continued)**

### **Impairment of non-financial assets (continued)**

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes.

Impairment exists when the carrying amount of the CGU exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the consolidated statements of loss and comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the CGU in its present form and its eventual disposal. Estimated future cashflows include estimates of recoverable resources and commodity prices (considering historical prices, price trends and related factors) and estimated production related expenses discounted by the Company's pre-tax weighted average cost of capital with appropriate adjustment for the risk associated with the relevant unit.

Estimates of future net cash flows are based on ore reserves and mineral resources for which there is a high degree of confidence of economic extraction according to the Company's future mine plan.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is usually obtained from an active market or binding sale agreement. Where neither of them exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction, which is often estimated using cash flow techniques.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, such that the recoverable amount has increased. The recoverable amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

### **Exploration and evaluation costs ("E&E")**

Exploration and evaluation costs are those required to find a mineral property and determine technical feasibility and commercial viability. E&E consist of:

- ◆ gathering exploration data through topographical and geological studies;
- ◆ exploratory drilling, trenching and sampling;
- ◆ determining the volume and grade of the resource;
- ◆ test work on geology, metallurgy, mining, geotechnical and environmental; and
- ◆ conducting engineering, marketing and financial studies.

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

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### 2. Significant accounting policies (continued)

#### Exploration and evaluation costs ("E&E") (continued)

E&E expenditure is capitalized under areas of interest defined by the Company. Overhead costs that are directly attributable to E&E, but not directly attributable to an individual project or area, such as general advisory, the cost of a central exploration office or the cost of a mining tenements office are also allocated to areas of interest and capitalized. Depreciation of property, plant and equipment used in the exploration activities and exchange differences related to monetary assets and liabilities associated to the exploration activities are not capitalized and are recognized as expenses as they are incurred. The Company also recognizes E&E costs, such as rights to explore, as intangible assets when acquired as part of a business combination, or an asset purchase. These assets are recognized at an estimation of the fair value attributable to the mineral resources and exploration potential attributable to the property.

Acquired or capitalized E&E costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. On demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized E&E costs are transferred to capitalized development costs within property, plant and equipment. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors including: legal, environmental, social and governmental factors.

The recoverability of amounts shown for E&E is dependent on the discovery of economically recoverable reserves. The exploration assets are reassessed annually for impairment. An impairment trigger is identified for an exploration asset when at least one the following conditions are met:

- ◆ the Company's right to explore in an area of interest has expired or will expire in the near future and is not expected to be renewed;
- ◆ the Company has strategically decided to discontinue activities in the area of interest;
- ◆ substantive expenditure on further exploration in the area of interest is neither budgeted nor planned in the near future and no negotiations to sell the project or farm it out are planned or considerably advanced;
- ◆ 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.

The capitalized E&E related to the project is reduced to its recoverable amount in the period it is considered impaired under the criteria outlined above.

E&E incurred before any legal rights to explore an area of interest, or after an area was previously impaired, are expensed as incurred. Capitalized E&E are shown as an investing activity in the consolidated statements of cash flows, whereas E&E costs expensed as incurred are included under the Company's operating activities in the consolidated statements of cash flows.

Consideration, in the form of cash and/or shares received under exploration and option agreements, is applied against the carrying amount of the exploration property and related E&Es. Consideration, in excess of the carrying amount is recognized as income in profit or loss.

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

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### 2. Significant accounting policies (continued)

#### Income taxes

The income tax expense or recovery for the period consists of two components: current tax and deferred tax.

Current income tax is the expected tax payable on the taxable profit for the year. The tax is calculated using tax rates and laws that were enacted or substantively enacted at the statement of financial position date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent it is probable future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. A provision for deferred tax is recognized in the consolidated statements of loss and comprehensive income (loss) except to the extent it relates to a business combination or other items recognized directly in equity.

Deferred tax assets and/or liabilities are not recognized on temporary differences that arise in the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and with respect to taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

#### Provision for environmental rehabilitation

Mining extraction and processing activities normally give rise to obligations for environmental rehabilitation. Environmental rehabilitation of sites where the Company operates includes the dismantling and demolition of infrastructure, the removal or treatment of waste materials and remediation of disturbed areas, including tailings ponds closure. A provision for the cost of each rehabilitation program is recognized in the accounting period when the legal or constructive obligation arising from the related environmental disturbance occurs and reliable estimates of the required rehabilitation costs can be made. Expenditures may occur before and after the closure and can continue for an extended period of time depending on rehabilitation requirements. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are included in operating costs.

The Company records a liability and a corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site reclamation and closure. The estimated present value of the provision is reassessed on an annual basis or when new material information becomes available, on the basis of a closure plan to reflect known developments, update costs estimates and revise estimated lives of operations. Increases or decreases to the provision usually arise due to changes in legal or regulatory requirements, methods of reclamation, cost estimates or discount rates in light of the significant judgments and estimates involved. Although the ultimate cost to be incurred is uncertain, the Company's estimates their respective costs based on feasibility and engineering studies using current restoration standards and techniques and industry guidelines, on a site by site basis.

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## **Orosur Mining Inc.**

### **Notes to Consolidated Financial Statements**

**Years Ended May 31, 2023 and 2022**

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## **2. Significant accounting policies (continued)**

### **Provision for environmental rehabilitation (continued)**

The initial net present value of costs capitalized when recognizing an environmental rehabilitation provision are recorded as an asset within property, plant and equipment, representing part of the cost of acquiring the future economic benefits of the operation. Depreciation is expensed using a systematic and rational method over its useful life. In subsequent periods, the Company recognizes the changes in the provision resulting from the passage of time and the revisions to either the timing or amount of the original estimate of undiscounted cash flows.

Changes resulting from revisions to the timing or the amount of the original undiscounted cash flows are recognized as an increase or decrease in the carrying amount of the rehabilitation provision against an increase or decrease in the corresponding value of the related asset. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the life of mine plan or reserves, changes in the amounts of waste to remove or treat, foreign exchange rates and inflation, the emergence of new restoration techniques, experiences at other mine sites and changes in laws and regulations governing the protection of the environment.

Rehabilitation provisions are measured at the expected value of future cash flows discounted to their present value using a current US dollar real risk-free pre-tax discount rate. Changes due to the passage of time, meaning the unwinding of the discount applied in establishing the net present value of the liability, referred to as accretion expense, are charged as finance cost in each accounting period and result in an increase in the amount of the provision.

As noted above, the ultimate cost of the rehabilitation is uncertain and costs estimated can vary in response to many factors. As a result, there could be significant adjustments to the provision that would affect future financial results. Significant judgment and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

### **Earnings (loss) per share**

Basic earnings (loss) per common share are computed by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts reflect the potential dilution effect derived from the exercise or conversion to common shares of securities or other contracts to issue common shares. The treasury stock method is used to determine diluted per share amount, which assumes that all outstanding securities or contracts to issue common shares are exercised if its average exercise price was below the market price of the underlying shares, and the assumed proceeds are used to purchase the Company's common share at the average market price during the period.

Diluted loss per share is equivalent to basic loss per share, as the potentially dilutive instruments would be anti dilutive.

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

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### 2. Significant accounting policies (continued)

#### Share-based compensation

The fair value of share options granted to employees is recognized as an expense in profit or loss over the vesting period with a corresponding increase in reserve for share-based payments. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share-based payments to non-employees are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures the value, and the corresponding increase in reserve for share-based payments, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

The fair value of expired unexercised options is adjusted to deficit.

#### Financial instruments

##### Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows of a financial asset.

##### Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

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## 2. Significant accounting policies (continued)

### Financial instruments (continued)

#### Classification and Measurement (continued)

After initial recognition at fair value, financial instruments are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial instruments classified as FVTPL are expensed in profit or loss.

Financial instruments classified and measured at amortized cost are measured using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

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

#### Classification of financial instruments

All financial instruments are initially recognized at fair value on the consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the year. Financial assets and financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

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## 2. Significant accounting policies (continued)

### Financial instruments (continued)

#### Classification of financial instruments (continued)

The following table summarizes the classification and measurement for each financial instrument:

| Classification                           | IFRS 9         |
|------------------------------------------|----------------|
| Cash                                     | Amortized cost |
| Accounts receivable and other assets     | Amortized cost |
| Restricted cash                          | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Pantanillo royalty                       | Amortized cost |
| Borrowings                               | Amortized cost |
| Warrant liability                        | FVTPL          |

### Assets (or disposal groups) held for sale and discontinued operations

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Assets are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. The Company is accounting for its activities in Uruguay and Chile as discontinued operations.

An impairment loss is recognized for any initial or subsequent writedown of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in profit and loss.

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# **Orosur Mining Inc.**

## **Notes to Consolidated Financial Statements**

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### **2. Significant accounting policies (continued)**

#### **New standards adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 1, 2022. These are either not applicable to the Company or do not have a material impact to the Company and have been excluded.

#### **New and revised standards and interpretations issued but not yet effective**

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its consolidated financial statements would not be material.

### **3. Critical accounting estimates, judgments and assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of expenses, gains and losses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates and assumptions seldom equal actual results and may lead to material adjustments to the carrying amounts of assets and liabilities. The areas that require management to make significant judgments, estimates and assumptions are discussed below.

#### **Discontinued operations**

The Company is accounting for its activities in Chile and Uruguay as discontinued. Chile was recognized as a discontinued operation after all of its mining assets were sold or returned. In Uruguay, Loryser has sold all of its remaining assets, including its plant and equipment, and expects to distribute the proceeds on a pro rata basis, to Loryser's trade creditors via a Court approved paying agent.

#### **Exploration and evaluation expenditure**

The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves. Management reviews the carrying amount of capitalized exploration and evaluation costs disclose significant judgments relation to the intention for development at least annually. The review is based on the Company's intention for development of the underlying asset.

#### **Environmental rehabilitation provisions**

The rehabilitation provision is determined according to the net present value of estimated future costs based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the rehabilitation provision, these amounts are estimates of expenditures that are not due until future years; the Company assesses its provision on an ongoing basis or when new material information becomes available.

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

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#### 4. Capital risk management

The Company's capital management objectives are to safeguard its ability to support its operating requirements on an ongoing basis, continue the development and exploration of the Company's mineral properties and support expansionary plans while attempting to maximize the return to shareholders through enhancing the share value. The Company considers its capital structure to consist of deficit, which at May 31, 2023 totaled \$6,661 (May 31, 2022 - \$4,275).

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by, on approval of its Board of Directors, issuing new shares, adjusting capital spending, drawing on credit facilities, disposing of assets or undertaking other activities as deemed appropriate under the specific circumstances. The Company can also control, on approval of the Board of Directors, how much capital is returned to shareholders through dividends and share repurchase. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

There are no external capital requirements.

The Company does not have a numeric target for its capital structure. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities.

The Company has not made any changes to its capital management processes during the year.

#### 5. Financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, measurement and the bases for the recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 2.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- ◆ Level 1: Quoted (unadjusted) prices 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: Unobservable inputs for the asset or liability.

The carrying value of cash, accounts receivable and other assets, restricted cash, accounts payable and other liabilities, Pantanillo royalty, borrowings approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

In these consolidated financial statements, classification of assets and liabilities measured at fair value is as follows:

| <b>As at May 31, 2022</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b>  |
|-----------------------------|----------------|----------------|-----------------|
| Warrant liability (note 12) | \$ -           | \$ -           | \$ (168)        |
|                             | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ (168)</b> |

During the year ended May 31, 2023 and 2022, there were no transfers of amounts between fair value levels.

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

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#### 5. Financial instruments (continued)

##### Financial instrument risks

The Company's activities expose it to a variety of financial instrument risks as stated below.

##### 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 is comprised of three types of risk: interest rate risk, foreign currency risk, and other price risk. It is management's opinion that the Company is not exposed to significant other price risk. The Company's exposure to and management of market risk for the year ended May 31, 2023, has not changed materially from that of the year ended May 31, 2022.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances bearing minimal interest and is not subject to significant interest rate risk.

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in exchange rates.

Foreign currency risk arises from financial assets and liabilities denominated in a currency that is not the entity's functional currency. All of the Company's principal entities have the United States dollar as the functional currency, except for Waymar Resources Ltd., Cordillera Holdings International Ltd. and Minera Anzá S.A., the functional currency of which is the Canadian dollar and Minera Anzá S.A. (Colombia branch), the functional currency of which is the Colombian peso. The Company conducts some of its activities in currencies other than the US dollar, especially in Uruguayan pesos. The Company also has active exploration programs in Colombia and has some of its expenditure denominated in Colombian pesos. The Company is therefore subject to gains or losses due to fluctuations in the Uruguayan peso and the Colombian peso relative to the US dollar. The Company manages its currency risk by denominating its contracts and commitments, where possible, in US dollars. The Company does not have a policy, to nor has it entered into derivatives to mitigate foreign currency risks.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk is the carrying amount of cash, accounts receivable and other assets. There are concentration of credit risk with respect to cash and assets held for sale in Uruguay. The Company's credit risk with respect to cash is mitigated by using well capitalized financial institutions.

The Company's exposure to and management of credit risk for the year ended May 31, 2023, has not changed materially from that of the year ended May 31, 2022.

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

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### 5. Financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company regularly evaluates its cash position. The Company manages liquidity risk by proactively forecasting its liquidity requirements with available funds and anticipated cash flows. The Company requires external funding to cover its corporate costs and advance its exploration program in Colombia, currently both financed the options (note 10).

As at May 31, 2023, the Company had cash of \$3,748 (May 31, 2022 - \$4,221), total current assets of \$4,968 (May 31, 2022 - \$5,920) current trade and other accrued liabilities of \$336 (May 31, 2022 - \$389) and liabilities of the Chile discontinued operation of \$2,204 (May 31, 2022 - \$2,058). None of the cash in Loryser, the Company's operating subsidiary in Uruguay, is accessible to the Company since the declaration of the creditor protection process. The discontinued operations (Uruguay) have assets held for sale of \$989 and liabilities held for sale of \$12,546. There are concentrations of liquidity risk with respect to liabilities held for sale in Uruguay and liabilities of the Chile discontinued operation.

The Company's exposure to and management of liquidity risk for the year ended May 31, 2023, has not changed materially from that of the year ended May 31, 2022.

### 6. Discontinued operations

#### **Uruguay**

On June 14, 2018, Loryser (the Company's operating subsidiary in Uruguay) applied to commence reorganization proceedings under Uruguayan legislation (Act N°18.387) (the "Loryser Reorganization Proceedings"). To have continued with the San Gregorio mine plan, a swift and timely transition from San Gregorio Underground to the Veta A Underground project would have been required, which itself would have required external financing plus an environmental permit for Veta A, both of which were not available at the time. As a result of those circumstances, the Board of Directors actively explored a number of alternatives for Orosur and its subsidiaries. The decision to apply for the Loryser Reorganization Proceedings and creditor protection was made in consultation with the Company's legal and financial advisors and the Company's management believed it to be in the best interests of Loryser, the Company and their stakeholders.

In December 2018, Loryser reached a payment plan agreement with creditors in Uruguay ("Agreement"). In May 2019, the Court approved the final list of creditors and Loryser's independent asset valuation. In August 2019, the Intervenor filed a report informing the Court that it had verified that 71.48% of the trade creditors by value had adhered to the Agreement. Consequently, the Intervenor informed that majorities legally required were reached and the Court gave public notice of the Agreement.

The Agreement was approved by the Reorganization court in Montevideo and the Court decree was publicly posted on September 12, 2019 and became final and binding for all trade creditors on September 20, 2019.

On December 6, 2019, 10,000,000 common shares of Orosur were issued to a trust for the benefit of Loryser's creditors as contemplated in the court Agreement (note 16).

## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

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(except common shares and per share amounts)

#### 6. Discontinued operations (continued)

##### Uruguay (continued)

In line with negotiations and the Agreement with creditors in Uruguay, Loryser S.A. is required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business based on the payment plan agreed. The Agreement contemplates that the net proceeds from the sale of Loryser's assets in Uruguay together with the sale of the issued 10 million common shares of Orosur shall satisfy all amounts owing to Loryser's creditors, as well as provide funds for Loryser to pay its former employees and to conduct this process and close the operation responsibly.

During the previous financial year, Loryser agreed and paid for the settlements with all of its former employees, with the proceeds received from the sale of certain of its assets including the 10 million common shares issued to the trust. The Company has finalized the reclamation and remediation works on the tailings dam and has now started a one-year post-closure control phase. In addition, Loryser has sold all of its remaining assets included in the Agreement, including its plant and equipment, in accordance with the Creditors Agreement, expects to distribute the proceeds, on a pro rata basis, to Loryser's trade creditors in accordance with the Creditors' Agreement, via a court approved paying agent.

##### Uruguay - Net liabilities of discontinued operations held for sale

|                                                                 | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                                   |                          |                          |
| Cash                                                            | \$ 118                   | \$ 151                   |
| Accounts receivable and other assets (note 7)                   | 871                      | 105                      |
| Inventories (note 8)                                            | -                        | 325                      |
| Property, plant and equipment (note 9)                          | -                        | 568                      |
| Restricted cash                                                 | -                        | 11                       |
| <b>Total assets</b>                                             | <b>\$ 989</b>            | <b>\$ 1,160</b>          |
| <b>LIABILITIES</b>                                              |                          |                          |
| Accounts payable and accrued liabilities                        | \$ 10,997                | \$ 10,498                |
| Borrowings <sup>(1)</sup>                                       | 1,385                    | 1,361                    |
| Environmental rehabilitation provision                          | 164                      | 1,275                    |
| <b>Total liabilities</b>                                        | <b>12,546</b>            | <b>13,134</b>            |
| <b>Net liabilities of discontinued operations held for sale</b> | <b>(11,557)</b>          | <b>(11,974)</b>          |

(1) These borrowings will be treated equivalently to other accounts payable as part of the Loryser Reorganization Proceedings as they rank pari passu with trade creditors.

## Orosur Mining Inc.

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#### 6. Discontinued operations (continued)

##### Uruguay (continued)

##### Net (loss) income and comprehensive (loss) income from discontinued operations

|                                            | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|--------------------------------------------|-------------------------------|-------------------------------|
| Corporate and administrative expenses      | \$ 27                         | \$ 280                        |
| Write-down of inventories                  | (322)                         | 1,240                         |
| Care and maintenance                       | (423)                         | 1,023                         |
| Other (expense) income                     | 272                           | (1,027)                       |
| Net finance cost                           | 752                           | 139                           |
| Net foreign exchange                       | (204)                         | (1,263)                       |
| <b>Income before income tax</b>            | <b>102</b>                    | <b>392</b>                    |
| <b>Net income and comprehensive income</b> | <b>\$ 102</b>                 | <b>\$ 392</b>                 |

##### Cash flows from discontinued operations

|                                                            | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Operating activities - discontinued operations</b>      |                               |                               |
| Net income for the year                                    | \$ 102                        | \$ 392                        |
| Adjustments for:                                           |                               |                               |
| Non-cash write-down                                        | (38)                          | (75)                          |
| Payments for environmental rehabilitation                  | (269)                         | (705)                         |
| Write-down of inventories                                  | 326                           | (1,240)                       |
| Accretion of asset retirement obligation                   | (753)                         | (140)                         |
| Labour provision adjustments                               | -                             | (1,177)                       |
| Gain on sale of property, plant and equipment              | (128)                         | (462)                         |
| Other and foreign exchange                                 | 164                           | 2,654                         |
| Changes in non-cash working capital items:                 |                               |                               |
| Accounts receivable and other assets                       | (757)                         | 21                            |
| Inventories                                                | -                             | 1,723                         |
| Accounts payable and accrued liabilities                   | 586                           | (2,176)                       |
| <b>Net cash provided by (used in) operating activities</b> | <b>(767)</b>                  | <b>(1,185)</b>                |
| <b>Investing activities - discontinued operations</b>      |                               |                               |
| Proceeds from sale of property and equipment               | 734                           | 462                           |
| <b>Net cash provided by investing activities</b>           | <b>734</b>                    | <b>462</b>                    |
| <b>Net Change in cash</b>                                  | <b>(33)</b>                   | <b>(723)</b>                  |
| <b>Cash, beginning of year</b>                             | <b>151</b>                    | <b>874</b>                    |
| <b>Cash, end of year</b>                                   | <b>\$ 118</b>                 | <b>\$ 151</b>                 |

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

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(except common shares and per share amounts)

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#### 6. Discontinued operations (continued)

##### Chile

In October 2009, the Company had entered into an option agreement with Anglo American Norte S.A ("Anglo"), a subsidiary of Anglo American plc, for the Pantanillo gold exploration project.

In May 2018, the Company terminated the option agreement.

Following the relinquishment by the Company's wholly owned subsidiary, Fortune Valley Resources Chile S.A. ("FVRC") of the Pantanillo project, Anglo sought the payment of minimum royalties and requested arbitration. On March 28, 2019, the Arbitral Tribunal rendered its decision, ruling that FVRC is required to pay Anglo approximately US\$1,600 plus interest at Chile's current interest rate calculated from December 2015 until its effective payment. The Tribunal's decision is exclusively against FVRC. Orosur was not named in the decision from the Tribunal nor was Orosur a party to the relevant agreements. The Company has recognized a provision of \$2,204 (\$1,900 plus interest) in relation to this decision as at May 31, 2023 for FVRC (May 31, 2022 - \$2,058 (\$1,900 plus interest)).

##### Chile - Net liabilities of discontinued operations

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|                     | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|---------------------|--------------------------|--------------------------|
| <hr/>               |                          |                          |
| <b>ASSETS</b>       |                          |                          |
| Cash                | \$ 13                    | \$ 13                    |
| <b>Total assets</b> | <b>\$ 13</b>             | <b>\$ 13</b>             |

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##### LIABILITIES

|                                                    |              |              |
|----------------------------------------------------|--------------|--------------|
| Accounts payable and accrued liabilities           | \$ 2,204     | \$ 2,058     |
| <b>Total liabilities</b>                           | <b>2,204</b> | <b>2,058</b> |
| <b>Liabilities of Chile discontinued operation</b> | <b>2,204</b> | <b>2,058</b> |

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##### Net loss and comprehensive loss from Chile discontinued operations

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|                                                     | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|-----------------------------------------------------|-------------------------------|-------------------------------|
| Finance cost                                        | \$ (146)                      | \$ (58)                       |
| <b>Net loss and comprehensive loss for the year</b> | <b>\$ (146)</b>               | <b>\$ (58)</b>                |

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# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

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### 7. Accounts receivable and other assets

#### Accounts receivable and other assets from continuing operation

|                                                   | May 31,<br>2023 | May 31,<br>2022 |
|---------------------------------------------------|-----------------|-----------------|
| Tax receivable <sup>(1)</sup>                     | \$ 47           | \$ 28           |
| Deposit with suppliers                            | 98              | 85              |
| Miscellaneous receivable                          | 74              | 73              |
| <b>Total accounts receivable and other assets</b> | <b>\$ 219</b>   | <b>\$ 186</b>   |

(1) Tax receivable consists of refunds to be collected for Canadian GST / HST.

#### Accounts receivable and other assets from discontinued operations (Uruguay)

|                                                   | May 31,<br>2023 | May 31,<br>2022 |
|---------------------------------------------------|-----------------|-----------------|
| Tax receivable <sup>(1)</sup>                     | \$ -            | \$ 60           |
| Marketable securities                             | 8               | 8               |
| Miscellaneous receivable <sup>(2)</sup>           | 863             | 37              |
| <b>Total accounts receivable and other assets</b> | <b>\$ 871</b>   | <b>\$ 105</b>   |

(1) Tax receivable consists of refunds to be collected for Uruguayan Value Added Tax

(2) Current miscellaneous receivable includes amount due from the sale of plant.

### 8. Inventories

#### Inventories from discontinued operations (Uruguay)

|                          | May 31,<br>2023 | May 31,<br>2022 |
|--------------------------|-----------------|-----------------|
| Mine supplies            | \$ -            | \$ 325          |
| <b>Total inventories</b> | <b>\$ -</b>     | <b>\$ 325</b>   |

### 9. Property, plant and equipment

#### Property, plant and equipment from continuing operations

| Cost                  | Tangible<br>fixed<br>assets |
|-----------------------|-----------------------------|
| Balance, May 31, 2021 | \$ 188                      |
| Additions             | 3                           |
| Foreign exchange      | (9)                         |
| Balance, May 31, 2022 | 182                         |
| Additions             | 31                          |
| Foreign exchange      | (20)                        |
| Balance, May 31, 2023 | \$ 193                      |

# Orosur Mining Inc.

## Notes to Consolidated Financial Statements

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### 9. Property, plant and equipment (continued)

|                                 | Tangible<br>fixed<br>assets |
|---------------------------------|-----------------------------|
| <b>Accumulated depreciation</b> |                             |
| Balance, May 31, 2021           | \$ 64                       |
| Depreciation for the year       | 8                           |
| Foreign exchange                | (3)                         |
| Balance, May 31, 2022           | \$ 69                       |
| Depreciation for the year       | 9                           |
| Foreign exchange                | (8)                         |
| Balance, May 31, 2023           | \$ 70                       |

|                        | Tangible<br>fixed<br>assets |
|------------------------|-----------------------------|
| <b>Carrying amount</b> |                             |
| Balance, May 31, 2022  | \$ 113                      |
| Balance, May 31, 2023  | \$ 123                      |

### Property, plant and equipment from discontinued operations (Uruguay)

| Cost                  | Tangible<br>fixed<br>assets | Tangible<br>underground<br>development<br>costs | Total     |
|-----------------------|-----------------------------|-------------------------------------------------|-----------|
| Balance, May 31, 2021 | \$ 51,362                   | \$ 5,133                                        | \$ 56,495 |
| Other                 | (145)                       | -                                               | (145)     |
| Disposals             | (4,308)                     | -                                               | (4,308)   |
| Balance, May 31, 2022 | 46,909                      | 5,133                                           | 52,042    |
| Disposals             | (46,909)                    | (5,133)                                         | (52,042)  |
| Balance, May 31, 2023 | \$ -                        | \$ -                                            | \$ -      |

## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

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#### 9. Property, plant and equipment (continued)

##### Property, plant and equipment from discontinued operations (Uruguay)

|                                 | Tangible<br>fixed<br>assets | Tangible<br>underground<br>development<br>costs | Total     |
|---------------------------------|-----------------------------|-------------------------------------------------|-----------|
| <b>Accumulated depreciation</b> |                             |                                                 |           |
| Balance, May 31, 2021           | \$ 51,141                   | \$ 4,641                                        | \$ 55,782 |
| Disposals                       | (4,308)                     | -                                               | (4,308)   |
| Balance, May 31, 2022           | \$ 46,833                   | \$ 4,641                                        | \$ 51,474 |
| Disposals                       | (46,833)                    | (4,641)                                         | (51,474)  |
| Balance, May 31, 2023           | \$ -                        | \$ -                                            | \$ -      |

|                        | Tangible<br>fixed<br>assets | Tangible<br>underground<br>development<br>costs | Total  |
|------------------------|-----------------------------|-------------------------------------------------|--------|
| <b>Carrying amount</b> |                             |                                                 |        |
| Balance, May 31, 2022  | \$ 76                       | \$ 492                                          | \$ 568 |
| Balance, May 31, 2023  | \$ -                        | \$ -                                            | \$ -   |

#### 10. Exploration and evaluation costs

##### Year ended May 31, 2022

##### Colombia

|                                       |                 |
|---------------------------------------|-----------------|
| <b>Balance, May 31, 2021</b>          | <b>\$ 5,148</b> |
| Additions                             | 1,786           |
| Anzá Project option agreement payment | (1,365)         |
| Foreign exchange                      | (128)           |
| <b>Balance, May 31, 2022</b>          | <b>\$ 5,441</b> |

##### Year ended May 31, 2023

##### Argentina

##### Brazil

##### Colombia

##### Total

|                                       |               |              |                 |                 |
|---------------------------------------|---------------|--------------|-----------------|-----------------|
| <b>Balance, May 31, 2022</b>          | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 5,441</b> | <b>\$ 5,441</b> |
| Additions                             | 339           | 30           | 365             | 734             |
| Anzá Project option agreement payment | -             | -            | (2,246)         | (2,246)         |
| Foreign exchange                      | (4)           | -            | (591)           | (595)           |
| <b>Balance, May 31, 2023</b>          | <b>\$ 335</b> | <b>\$ 30</b> | <b>\$ 2,969</b> | <b>\$ 3,334</b> |

## Orosur Mining Inc.

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#### 10. Exploration and evaluation costs (continued)

##### Anzá Project

On September 10, 2018, the Company completed an agreement with Newmont Colombia S.A.S. ("Newmont"), a wholly-owned subsidiary of Newmont Corporation for the Anzá project. The agreement includes a three-phase earn-in structure allowing Newmont to earn up to a 75% ownership interest in the Anzá Project by spending a minimum of \$30,000 in qualifying expenditures over twelve years, completing an NI 43-101 compliant feasibility study and making cash payments to Orosur equalling a total of \$4,000 over Phases 1 and 2. In Phase 1, Newmont may earn a 51% ownership interest by spending \$10,000 in qualifying expenditures over four years and making cash payments to Orosur equalling a total of \$2,000 during the first two years of the Phase 1 earn-in period. Upon Newmont's completion of Phase 1, it may elect, in its sole discretion, to exercise its option to form a joint venture with Orosur. In Phase 2, Newmont may elect to earn an additional 14% ownership interest in the Anzá Project by sole funding \$20,000 in qualifying expenditures within four years, completing an NI 43-101 compliant pre-feasibility study and making cash payments to Orosur equalling a total of \$2,000. In Phase 3, Newmont may elect to earn an additional 10% ownership interest in the Anzá Project by completing an NI 43-101 compliant feasibility study within four years. During the year ended May 31, 2021, Newmont Corporation entered into a Joint Venture Agreement with Agnico Eagle Mines Limited ("Agnico"), with Agnico operator of the Joint Venture. The Joint venture is, owned 50:50 by Newmont and Agnico and is named Minera Monte Aguila SAS ("MMA").

On September 8, 2022, MMA provided the Company with a Phase 1 Earn-In Notice, having completed all of the Phase 1 obligations, including investing \$10,000 in the Project. During the year ended May 31, 2023 MMA, announced it would advance into Phase 2 of the project and it made the \$2,000 Phase 2 payment.

As at May 31, 2023, no indicators of impairment were noted on the Company's exploration and evaluation projects.

#### 11. Accounts payable and accrued liabilities

##### Accounts payable and accrued liabilities of continuing operations

|                                                             | May 31,<br>2023 | May 31,<br>2022 |
|-------------------------------------------------------------|-----------------|-----------------|
| Commercial suppliers                                        | \$ 289          | \$ 333          |
| Salaries, labour benefits and social security contributions | 47              | 56              |
| <b>Total accounts payable and accrued liabilities</b>       | <b>\$ 336</b>   | <b>\$ 389</b>   |

##### Accounts payable and accrued liabilities of discontinued continued operations (Uruguay)

|                                                       | May 31,<br>2023  | May 31,<br>2022  |
|-------------------------------------------------------|------------------|------------------|
| Commercial suppliers                                  | \$ 10,409        | \$ 9,925         |
| Mining royalties and other taxes                      | 588              | 573              |
| <b>Total accounts payable and accrued liabilities</b> | <b>\$ 10,997</b> | <b>\$ 10,498</b> |

#### 12. Warrant liability

In December 2020, the Company completed a private placement financing consisting of one (1) common share in the capital stock of the Company ("Common Share") and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire an additional Common Share at a price of 25.5 pence for a period of 2 years from the date of issuance.

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#### 12. Warrant liability (continued)

The following table summarizes the changes in the warrant liability for the years ending May 31, 2023 and May 31, 2022:

|                       | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|-----------------------|--------------------------|--------------------------|
| Opening balance       | \$ 168                   | \$ 1,734                 |
| Fair value adjustment | (168)                    | (1,566)                  |
| Closing balance       | \$ -                     | \$ 168                   |

|                                       | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|---------------------------------------|--------------------------|--------------------------|
| Opening balance, outstanding warrants | 10,897                   | 10,897                   |
| Warrants expired                      | (10,897)                 | -                        |
| Closing balance, outstanding warrants | -                        | 10,897                   |

The fair value was recognized using the Black-Scholes option pricing model. A summary of the assumptions used in the model for re-measuring the warrants at end of each year is set out below.

|                         | As at<br>May 31,<br>2023 | As at<br>May 31,<br>2022 |
|-------------------------|--------------------------|--------------------------|
| Current price           | \$ -                     | \$ 0.122                 |
| Risk free interest rate | - %                      | 3.15 %                   |
| Estimated volatility    | - %                      | 135.09 %                 |
| Expected dividend yield | - %                      | - %                      |
| Estimated life in years | -                        | 0.50                     |

#### 13. Borrowings

##### Term debt of discontinued operations (Uruguay)

|                           | May 31,<br>2023 | May 31,<br>2022 |
|---------------------------|-----------------|-----------------|
| Borrowings <sup>(1)</sup> | \$ 1,385        | \$ 1,361        |
|                           | \$ 1,385        | \$ 1,361        |

(1) Related to the line of credit in the amount of \$1,500. These borrowings will be treated equivalently to other accounts payable as part of the Loryser Reorganization Proceedings as they rank pari passu with trade creditors (note 6).

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## Orosur Mining Inc.

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#### 14. Environmental rehabilitation provision

The Company's environmental rehabilitation provision relates to the retirement and remediation of the San Gregorio operation in Uruguay. The environmental rehabilitation provision has been determined by calculating the net present value of estimated future costs.

The following table summarizes the movements in the environmental rehabilitation provision for the year ended May 31, 2023 and year ended May 31, 2022:

##### Environmental rehabilitation provision discontinued operations (Uruguay)

|                                        | May 31,<br>2023 | May 31,<br>2022 |
|----------------------------------------|-----------------|-----------------|
| Balance, beginning of year             | \$ 1,275        | \$ 2,120        |
| Expenditure incurred in rehabilitation | -               | (705)           |
| Accretion expense                      | (1,111)         | (140)           |
| Balance at end of year                 | \$ 164          | \$ 1,275        |
| Less: current portion                  | (164)           | (1,275)         |
| Balance, end of year                   | \$ -            | \$ -            |

Loryser has a legal and constructive obligation to restore the San Gregorio operation. This estimate is revised annually. The Company advances rehabilitation work in accordance with DINACEA (formerly DINAMA) the Uruguayan environmental agency.

Uruguayan mining and environmental legislation requires environmental obligations to be supported by guarantees. As a result, rehabilitation guarantee letters of credit with a total amount of \$1,326 (May 31, 2022 - \$1,326) had been provided by local Uruguayan insurance companies and financial institutions. Pursuant to a Settlement Agreement with DINACEA, Loryser continued with the reclamation of the tailings dam and DINACEA will pay \$1,326 (from third-party guarantee proceeds in installments on completion of a six-phased closure plan. The first payment by DINACEA of \$150 under the plan was received by the Company in May 2020, a second payment of \$269 was received in December 2020; and, two more payments totaling \$538 were received in January 2021. A further payment of \$269 was received during the year ended May 31, 2023.

#### 15. Share capital

##### a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

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## Orosur Mining Inc.

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#### 15. Share capital (continued)

##### b) Common shares issued

|                              | Number of<br>common<br>shares<br>('000) | Amount<br>\$  |
|------------------------------|-----------------------------------------|---------------|
| Balance, May 31, 2021        | 188,420                                 | 69,333        |
| Stock options exercised      | 100                                     | 6             |
| Balance, May 31, 2022        | 188,520                                 | 69,339        |
| Stock options exercised      | 40                                      | 2             |
| <b>Balance, May 31, 2023</b> | <b>188,560</b>                          | <b>69,341</b> |

#### 16. Shares held by Trust and Restricted Cash

In December 2018, Loryser reached an agreement with the majority of its creditors (the "Agreement"), achieving a support level of approximately 72% of creditors by value, comprising 67 different creditors. The Agreement was ratified by the Court in September 2019. The ratification by the Court means that the Agreement is legally binding on all trade creditors and that Intervenor's control over Loryser ceases. In December 2019, as part of the consideration to be applied to the creditors' liabilities, Orosur issued 10,000,000 common shares of Orosur to the San Gregorio Trust. The Trust is an independent legal body established by Orosur (the "Settlor") with an independent Trustee whose sole purpose it is to sell the shares at the best possible price and pay that money to Loryser's creditors who are the Beneficiaries of the Trust pursuant to the Agreement. The Trustee was appointed in the Trust Deed and the Settlor cannot remove the Trustee. The Trustee is not an employee nor a director of Orosur or any of its subsidiaries and does not receive instructions from Orosur.

The Restricted Cash is related to the funds net of costs raised by the Trust from the sale of the common shares held by the Trust. All of the 10,000,000 common shares have been sold for the benefit of Loryser's creditors as contemplated in the Court-approved Creditors Agreement. During the year ended May 31, 2022, the Trustee disposed of 4,355,500 common shares to the market, raising proceeds of \$1,228 and \$2,150 had been released to Loryser. During the year ended May 31, 2023, \$315 had been released to Loryser to be applied in accordance with the Court ratified Creditors Agreement.

As of May 31, 2023, the remaining restricted cash balance was \$12 (May 31, 2022 - \$353).

#### 17. Share-based payments

The Company has an option plan (the "Plan") for the officers, directors, employees and consultants of the Company and its subsidiaries. Options under the Plan are typically granted in numbers that reflect the responsibility of the particular optionee and his or her contribution to the business and activities of the Company. Options granted under the Plan have a term between 5 and 10 years. Except in specified circumstances, options are not assignable and terminate on the optionee ceasing to be employed by or associated with the Company. The terms of the Plan further provide that the price at which shares may be issued under the Plan cannot be less than the market price (net of permissible discounts) of the shares when the relevant options were granted.

## Orosur Mining Inc.

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(except common shares and per share amounts)

#### 17. Share-based payments (continued)

The following table summarizes information regarding the Company's outstanding options at May 31, 2023:

|                              | Number of<br>stock options<br>('000) | Weighted<br>average<br>exercise price<br>(CDN \$) |
|------------------------------|--------------------------------------|---------------------------------------------------|
| Balance, May 31, 2021        | 7,919                                | \$ 0.28                                           |
| Issued <sup>(1)</sup>        | 4,120                                | 0.22                                              |
| Exercised <sup>(i)</sup>     | (100)                                | 0.05                                              |
| Expired / Forfeitures        | (399)                                | 0.24                                              |
| Balance, May 31, 2022        | 11,540                               | \$ 0.26                                           |
| Exercised <sup>(i)</sup>     | (40)                                 | 0.05                                              |
| Expired / Forfeitures        | (310)                                | 0.24                                              |
| <b>Balance, May 31, 2023</b> | <b>11,190</b>                        | <b>\$ 0.26</b>                                    |

(i) The weighted average share price at the date of exercise for the year ended May 31, 2023 was CDN\$0.155 (year ended May 31, 2023 - CDN\$0.180)

(1) On March 11, 2022, 4,120 options were granted to directors, officers, and employees of the Company at an exercise price of CDN\$0.22, pursuant to the Company's stock option plan and \$503 of stock-based compensation expense was recorded for this grant. The options vested 50% immediately and 50% on March 11, 2023. The fair value was determined based on the Black-Scholes option pricing model using the following assumptions: strike price - CDN\$0.17; risk free interest rate - 1.8%; expected volatility - 159.5%; expected life - 5 years; and expected dividends - \$nil.

The following table reflects the stock options issued and outstanding as of May 31, 2023:

| Expiry date       | Exercise<br>price (CDN \$) | Weighted average<br>remaining<br>contractual<br>life (years) | Number of<br>options<br>outstanding<br>('000) | Number of<br>options<br>vested<br>(exercisable)<br>('000) |
|-------------------|----------------------------|--------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------|
| October 23, 2023  | 0.110                      | 0.40                                                         | 283                                           | 283                                                       |
| November 14, 2024 | 0.050                      | 1.46                                                         | 447                                           | 487                                                       |
| May 4, 2025       | 0.040                      | 1.93                                                         | 440                                           | 440                                                       |
| January 29, 2026  | 0.460                      | 2.67                                                         | 300                                           | 300                                                       |
| March 11, 2027    | 0.220                      | 3.78                                                         | 4,120                                         | 2,060                                                     |
| December 10, 2030 | 0.325                      | 7.53                                                         | 5,600                                         | 5,600                                                     |
|                   | 0.26                       | 5.38                                                         | 11,190                                        | 9,170                                                     |

During the year ended May 31, 2023, no options were issued, and \$nil of compensation expense was recorded (\$887 for the year ended May 31, 2022).

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

(except common shares and per share amounts)

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#### 18. Income taxes

(a) Deductible temporary differences and unused losses and credits

As at May 31, 2023, the Company had non-capital loss carry forwards of \$113,742 (May 31, 2022 - \$129,468). The losses by tax jurisdiction expire as shown in the following table.

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|                      | <u>Discontinued</u> |                  |                  |             |                  |                  |
|----------------------|---------------------|------------------|------------------|-------------|------------------|------------------|
|                      | Barbados            | Canada           | Chile            | Columbia    | Uruguay          | Total            |
| May 2024             | \$ 608              | \$ -             | \$ -             | \$ -        | \$ 22,839        | \$ 23,447        |
| May 2025             | 256                 | 98               | -                | -           | 5,408            | 5,762            |
| May 2026             | 5                   | 766              | -                | -           | 2,626            | 3,397            |
| May 2027             | -                   | 808              | -                | -           | -                | 808              |
| May 2028             | 65                  | 781              | -                | -           | -                | 846              |
| May 2029 to May 2041 | -                   | 21,422           | -                | -           | -                | 21,422           |
| No expiry            | -                   | -                | 58,060           | -           | -                | 58,060           |
| <b>Total</b>         | <b>\$ 934</b>       | <b>\$ 23,875</b> | <b>\$ 58,060</b> | <b>\$ -</b> | <b>\$ 30,873</b> | <b>\$113,742</b> |

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Deferred tax assets on the tax loss carry forwards are not recognized because it is not probable there will be sufficient future taxable income generated by the entities where the losses are allocated.

(b) The provision for income tax differs from the weighted average statutory tax rates as follows:

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|                                                   | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|---------------------------------------------------|-------------------------------|-------------------------------|
| Net loss before taxes                             | \$ (1,787)                    | \$ (1,111)                    |
| Statutory tax rate                                | 26.5 %                        | 26.5 %                        |
| Expected income tax (expense)/recovery            | 474                           | 294                           |
| Tax effect of:                                    |                               |                               |
| Difference in tax rates                           | 6                             | 34                            |
| Other permanent differences                       | 909                           | 235                           |
| Change in unrecognized DITs                       | (1,389)                       | (563)                         |
| <b>Income tax (expense)/recovery for the year</b> | <b>\$ -</b>                   | <b>\$ -</b>                   |

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

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#### 19. Income (loss) per share

For the year ended May 31, 2023, basic and diluted loss per share for continued operations has been calculated based on the loss attributable to common shareholders of \$1,743 (year ended May 31, 2022 - loss of \$(1,445)) and the weighted average number of common shares outstanding of 188,548 (year ended May 31, 2022 - 188,432).

For the year ended May 31, 2023, basic and diluted loss per share for discontinued operations has been calculated based on the loss attributable to common shareholders of \$(44) (year ended May 31, 2022 - loss of \$334) and the weighted average number of common shares outstanding of 188,548 (year ended May 31, 2022 - 188,432).

Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

#### 20. Related parties

##### Subsidiaries:

The consolidated financial statements include the financial statements of the Company's subsidiaries:

| Name of subsidiary                           | Country of incorporation | Equity interest |                    | Functional currency |
|----------------------------------------------|--------------------------|-----------------|--------------------|---------------------|
|                                              |                          | May 31, 2023    | as of May 31, 2022 |                     |
| International Mining Holdings Limited (IMHL) | Barbados                 | 100%            | 100%               | US dollar           |
| Loryser S.A.                                 | Uruguay                  | 100%            | 100%               | US dollar           |
| Minera San Gregorio S.A.                     | Uruguay                  | 100%            | 100%               | US dollar           |
| Cinco Rios S.A.                              | Uruguay                  | 100%            | 100%               | US dollar           |
| Nafypel S.A.                                 | Uruguay                  | 100%            | 100%               | US dollar           |
| Triselco S.A.                                | Uruguay                  | 100%            | 100%               | US dollar           |
| Kevelux S.A.                                 | Uruguay                  | 100%            | 100%               | US dollar           |
| Glendora S.A.                                | Uruguay                  | 100%            | 100%               | US dollar           |
| Dalvàn S.A.                                  | Uruguay                  | 100%            | 100%               | US dollar           |
| Bolir S.A.                                   | Uruguay                  | 100%            | 100%               | US dollar           |
| Brimol S.A.                                  | Uruguay                  | 100%            | 100%               | US dollar           |
| Montemura S.A.                               | Uruguay                  | 100%            | 100%               | US dollar           |
| Ugdev S.A.                                   | Uruguay                  | 100%            | 100%               | US dollar           |
| Fortune Valley Resources Inc.                | Canada                   | 100%            | 100%               | Canadian dollar     |
| Fortune Valley Resources Inc. BVI            | BVI                      | 100%            | 100%               | Canadian dollar     |
| Fortune Valley Resources Chile S.A.          | Chile                    | 100%            | 100%               | US dollar           |
| Waymar Resources Ltd.                        | Canada                   | 100%            | 100%               | Canadian dollar     |
| Cordillera Holdings International Ltd. BVI   | BVI                      | 100%            | 100%               | Canadian dollar     |
| Minera Anzá S.A. (BVI)                       | BVI                      | 100%            | 100%               | Canadian dollar     |
| Minera Anzá S.A. (Colombia branch)           | Colombia                 | 100%            | 100%               | Colombian peso      |
| Anillo SPA                                   | Chile                    | 100%            | 100%               | US dollar           |
| Dorado Mining Holding Inc.                   | Canada                   | 100%            | 100%               | US dollar           |
| Deseado Dorado SAS. <sup>(1)</sup>           | Argentina                | 100%            | 100%               | US dollar           |
| Maracana Mining Holding Inc.                 | Canada                   | 51%             | 51%                | US dollar           |
| Madeira Mineracao LTDA.                      | Brazil                   | 51%             | 51%                | US dollar           |

(1) Deseado Dorado SAS. is in a hyper-inflation jurisdiction.

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## Orosur Mining Inc.

### Notes to Consolidated Financial Statements

Years Ended May 31, 2023 and 2022

(Expressed in thousands of United States dollars)

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#### 20. Related parties (continued)

##### Compensation of key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the members of the Board of Directors of the Company (executive and non-executive) and the Chief Executive Officer and Chief Financial Officer. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The Chief Executive Officer is also a director of the Company.

The compensation paid or payable to key management was as follows:

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|                                                                                | Year Ended<br>May 31,<br>2023 | Year Ended<br>May 31,<br>2022 |
|--------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Fees included in corporate and administrative expenses <sup>(1)</sup>          | \$ 33                         | \$ 61                         |
| Fees to CEO and to directors included in corporate and administrative expenses | 578                           | 594                           |
| Share-based compensation (stock options)                                       | -                             | 887                           |

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(1) The Company expensed fees to Marrelli Support Services Inc. ("Marrelli Support") for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support.

#### 21. Geographical information

The Company's activities comprise one reportable segment, identifying and advancing mineral projects. The carrying amounts of the Company's non-current assets on a geographical basis are as follows:

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|                                     | Brazil | Argentina | Colombia | Canada | Total |
|-------------------------------------|--------|-----------|----------|--------|-------|
| <b>As at May 31, 2023</b>           |        |           |          |        |       |
| Property, plant and equipment costs | -      | 25        | 96       | 2      | 123   |
| Exploration and evaluation costs    | 30     | 335       | 2,969    | -      | 3,334 |

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|                                     | Colombia | Canada | Total |
|-------------------------------------|----------|--------|-------|
| <b>As at May 31, 2022</b>           |          |        |       |
| Property, plant and equipment costs | 111      | 2      | 113   |
| Exploration and evaluation costs    | 5,441    | -      | 5,441 |

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