TCP1 CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 2023 AND 2022
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
TCP1 Corporation

Opinion

We have audited the accompanying consolidated financial statements of TCP1 Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 10 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $1,919,724 as of December 31, 2023. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company’s recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 year ended 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 Zachary Faure.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

April 24, 2024

TCP1 CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current					
Cash and cash equivalents		$	1,167,968	$	2,058,429
Receivables			64,039		21,424
Deferred acquisition costs	14		314,616		-
			1,546,623		2,079,853
Exploration and evaluation assets	10		1,919,724		1,919,724
Total assets		**$**	**3,466,347**	**$**	**3,999,577**
LIABILITIES					
Current					
Accounts payable and accrued liabilities	7	$	758,864	$	128,058
Loan payable	6		1,121,950		1,145,800
Total liabilities			1,880,814		1,273,858
SHAREHOLDERS' EQUITY					
Share capital	8		15,801,438		15,801,438
Reserves	8		2,717,811		1,561,071
Deficit			(16,933,716)		(14,636,790)
Total shareholders' equity			1,585,533		2,725,719
Total liabilities and shareholders' equity		**$**	**3,466,347**	**$**	**3,999,577**

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

Approved and authorized on behalf of the Board of Directors on April 24, 2024

Director *"Tim Warman"*

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

TCP1 CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended December 31,

	Note		2023		2022
Expenses					
Consulting fees	7	$	38,846	$	37,733
Exploration expenditures	7		907,078		3,515,895
General and administrative			11,971		18,814
Management fees	7		120,000		120,000
Professional fees			153,333		50,435
Share-based compensation	7, 8		1,156,740		832,614
Travel expense			4,697		22,291
			(2,392,665)		(4,597,782)
Foreign exchange gain (loss)			19,752		(91,572)
Gain on debt settlement	6		-		17,025
Interest income			75,987		41,895
			95,739		(32,652)
Loss and comprehensive loss for the year		$	(2,296,926)	$	(4,630,434)
Loss per common share, basic and diluted		$	(3.93)	$	(8.23)
Weighted average number of shares outstanding – basic and diluted			585,001		562,747

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

TCP1 CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER EQUITY
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Reserve		Deficit		Total
Balance, December 31, 2021	**522,501**	**$**	**9,592,222**	**$**	**728,457**	**$**	**(10,006,356)**	**$**	**314,323**
Shares issued related to private placement	53,035		5,303,500		-		-		5,303,500
Share issuance costs	-		(40,784)		-		-		(40,784)
Shares for debt	9,465		946,500		-		-		946,500
Share-based compensation	-		-		832,614		-		832,614
Loss for the year	-		-		-		(4,630,434)		(4,630,434)
Balance, December 31, 2022	**585,001**	**$**	**15,801,438**	**$**	**1,561,071**	**$**	**(14,636,790)**	**$**	**2,725,719**
Share-based compensation	-		-		1,156,740		-		1,156,740
Loss for the year	-		-		-		(2,296,926)		(2,296,926)
Balance, December 31, 2023	**585,001**	**$**	**15,801,438**	**$**	**2,717,811**	**$**	**(16,933,716)**	**$**	**1,585,533**

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

TCP1 CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended December 31,

	2023	2022
Operating activities:		
Loss for the year	$ (2,296,926)	$ (4,630,434)
Items not involving cash:		
Share-based compensation	1,156,740	832,614
Gain on debt settlement	-	(17,025)
Foreign exchange	(23,850)	77,624
Changes in non-cash working capital items:		
Receivables	(42,615)	(10,768)
Accounts payable and accrued liabilities	630,806	21,807
Deferred acquisition costs	(314,616)	-
Net cash used in operating activities	(890,461)	(3,726,182)
Cash flow from financing activities:		
Proceeds from private placement	-	5,303,500
Share issuance costs	-	(40,784)
Proceeds from loan	-	130,000
Net cash provided by financing activities	-	5,392,716
Change in cash and cash equivalents during the year	(890,461)	1,666,534
Cash and cash equivalents, beginning of year	2,058,429	391,895
Cash and cash equivalents, end of year	$ 1,167,968	$ 2,058,429

Summary of non-cash investing and financing activities:

Shares issued for debt	$ -	$ 946,500
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -
Cash and cash equivalents is comprised of:		
Cash	$ 16,899	$ 78,891
Cash equivalents	$ 1,151,069	$ 1,979,538

1. NATURE OF OPERATIONS AND GOING CONCERN

TCP1 Corporation ("the Company") was incorporated under the laws of the province of Ontario on May 29, 2018. The Company is engaged in the exploration and development of mineral properties in Mexico. The Company's head office is located at 410 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. To December 31, 2023, the Company has incurred cumulative losses of $16,933,716. Additionally, the Company has a net loss of $2,296,926 for the year ended December 31, 2023 and utilized cash in operating activities of $890,461. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. The Company believes that it will be able to continue as a going concern for the foreseeable future based on the Company's historical and anticipated ability to raise additional funding to further advance its mineral exploration projects. While the Company raised additional funding subsequent to year end (see Note 14), it will continue to incur losses in the process of advancing its mineral exploration projects such that additional funds will be required in the future to enable the Company to continue its operations. There can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the board of directors for issue on April 24, 2024.

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Changes in material accounting policies

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the financial statements of TCP1 Corporation and its wholly owned and controlled subsidiary, Criscora, S.A. de C.V. incorporated in Mexico. All intercompany transactions and balances have been eliminated upon consolidation.

b) Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of three months or less.

c) Foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses from translation of these foreign currency transactions are charged to profit or loss.

d) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

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

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares and incentive stock options are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

f) Share-based compensation

The grant date fair value of share-based compensation awards granted to employees and consultants, including directors and officers, is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. Share-based compensation to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

g) Loss per common share

Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The computation of diluted loss per common share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

h) Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value. Costs related to the exploration and evaluation of mineral properties are recognized in profit or loss as incurred.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral interest. If payments received exceed the capitalized cost of the mineral interest, the excess is recognized as income in the year received and allocated against exploration expenses. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

i) Restoration, rehabilitation and environmental costs

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. For the years presented, there were no restoration or rehabilitation provisions recorded.

j) Income taxes

Tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Impairment of non-financial assets

At each reporting date the carrying amounts of The Company's long-lived assets, which are comprised of exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in profit or loss for the period.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

4. USE OF JUDGMENTS AND ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.
Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

4. USE OF JUDGMENTS AND ESTIMATES (cont'd…)

Critical estimates

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Critical judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indictors of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

(Expressed in Canadian Dollars)

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

Classification of liabilities as current or non-current

In January 2020, the IASB published narrow scope amendments to IAS 1 Presentation of financial statements. The narrow scope amendment clarifies that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments are effective January 1, 2024, and applied retrospectively. These amendments are not expected to have a material impact on the Company's consolidated financial statements.

There are no other upcoming changes in accounting standards which are expected to materially impact the Company.

6. LOAN PAYABLE

During the year ended December 31, 2021, TCP1 entered into two loan agreements as follows:

a) Trinity Capital Partners Corporation ("Trinity"), a related party to the Company, loaned USD 750,000 ($946,500). In March 2022, Trinity advanced an additional $130,000 to the Company. The loans are non-interest bearing and have and no specific terms of repayment. As at December 31, 2023, the Company owes $1,121,950 to Trinity (2022 - $1,145,800).

b) Firelight Holdings LLC. ("Firelight"), loaned the Company USD 750,000 ($ 946,500). In May 2022, the loan was converted into equity resulting in a gain on settlement of $17,025. The loan was non-interest bearing and had no specific terms of repayment. During the year ended December 31, 2022, the Company issued 9,465 common shares in settlement of the loan and recorded a gain on settlement of $17,025. As at December 31, 2023, the Company owes $nil to Firelight (2022 - $nil)

		December 31, 2023		December 31, 2022
Opening balance	$	1,145,800	$	1,901,700
Additions		-		130,000
Foreign exchange		(23,850)		77,625
Shares for debt		-		(963,525)
Ending balance	$	1,121,950	$	1,145,800

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

		2023		2022
Consulting fees	$	38,846	$	37,733
Exploration expenditures		90,642		88,044
Share-based compensation		1,156,740		832,244
Total remuneration	**$**	1,286,228	**$**	958,021

The balance payable to related parties at December 31, 2023 was $303,849 (2022 - $100,941). These payables are generally unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Other related party transactions

During the year ended December 31, 2023, the Company recorded $120,000 (2022 - $120,000) in management fees to Trinity Advisors Corporation, a company related by common officers and directors.

Loan payable

As at December 31, 2023, the Company had loans payable in the amount of $1,121,950 (2022 - $1,145,800) owing to related parties as further disclosed in Note 6.

8. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued share capital:

As at December 31, 2023 and 2022, the Company had 585,001 common shares issued and outstanding.

During the year ended December 31, 2022, the Company completed a private placement of 53,035 common shares at $100 per common share, for gross proceeds of $5,303,500. The Company incurred a share issuance cost of $40,784 in connection with the private placement.

During the year ended December 31, 2022, the Company issued 9,465 common shares with a fair value of $946,500 to settle outstanding loans payable of $963,525 and recorded a gain on debt settlement of $17,025.

During the year ended December 31, 2023, no shares were issued.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

c) Stock options

Pursuant to the Company's stock option plan, the Board of Directors may grant options for the purchase of up to 20% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the Board of Directors and expire no later than ten years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the fair market value of the common shares issuable pursuant to the exercise of such option as at the time of the grant. The options shall vest and become exercisable on the earlier of: (a) an IPO; or (b) a Change of Control; or (c) a Construction Decision.

The following is a summary of the Company's stock option activity:

	Number of options	**Weighted Average Exercise Price**
Balance, December 31, 2021	104,500	$ 48.27
Granted	12,500	$ 150.00
Balance, December 31, 2022 and 2023	117,000	$ 59.13

As at December 31, 2023, the Company has the following stock options outstanding:

Expiry Date	**Number of options outstanding***	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
January 21, 2029	94,500	$ 37.50	5.06
March 2, 2030	10,000	$ 150.00	6.17
June 30, 2032	12,500	$ 150.00	8.50
	117,000	$ 59.13	5.53

* Options vest and become exercisable on the earlier of: (a) an IPO; or (b) a Change of Control; or (c) a Construction Decision. As at December 31, 2023, no options are exercisable.

The fair value of stock options issued was estimated at the grant date based on the Black-Scholes valuation model with the following weighted average assumptions:

	December 31, 2023	**December 31, 2022**
Risk-free interest rate	n/a	3.23%
Expected dividend yield	n/a	Nil
Share price	n/a	$100.00
Expected stock price volatility	n/a	75%
Average expected option life	n/a	10 years
Fair value of options granted	n/a	$84.29

During the year ended December 31, 2023, the Company recognized $1,156,740 (2022 - $832,614) share-based compensation in connection with stock options. At each reporting period, the Company re-assesses the probability and expected timing of meeting a vesting condition and remeasures the share-based compensation associated with the options. As at December 31, 2023, the Company estimated a 95% likelihood of meeting a vesting condition by 2024.

(Expressed in Canadian Dollars)

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at December 31, 2023, the Company's shareholders' equity was $1,585,533. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year.

10. EVALUATION AND EXPLORATION ("E&E") ASSETS

A continuity of exploration projects by project is as follows:

		Yecora		Cristina		Total
Balance, December 31, 2021, 2022 and 2023	$	1,905,936	$	13,788	$	1,919,724

Yecora Project

The Company holds a 100% interest in the Yecora Project located in Mexico. Pursuant to the terms of the Yecora acquisition agreement, the Company is required to pay a sum of US$500,000 when the Company makes the decision to start production, and US$2,000,000 when the Company starts commercial production on any of the claims within the Yecora Project.

The Yecora project was subject to a 1% NSR which was repurchased by the Company during the year ended December 31, 2021 for US$1,500,000 ($1,892,148). There is a further obligation for the Company to register a 3% NSR which has not been completed as of the date of the consolidated financial statements.

Cristina Project

The Company holds a 100% interest in the Cristina Project located in Mexico. There is an existing 2% net smelter royalty ("NSR"), held by Maverix Metals Inc. ("Maverix") over all minerals produced from certain exploitation tenements included in the Cristina Project. The Company has the right to buy back 1% of the NSR for US$1,000,000.

11. FINANCIAL INSTRUMENTS

Fair value

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

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

The recorded values of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to their short-term to maturities which is the amount presented on the consolidated statement of financial position.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables due from the Government of Canada. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to receivable is minimal. The Company's maximum exposure to credit list is limited to the recorded value of cash and cash equivalents and receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a working capital deficit of $334,191. Refer to note 1 for further discussion.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in Mexican Pesos and loans payable denominated in United States Dollars. Based on financial instruments held at December 31, 2023, a 10% fluctuation between the Canadian dollar against the Mexican Peso would have a nominal impact on profit or loss while a 10% fluctuation between the Canadian dollar against the Unites States Dollar would impact profit or loss by approximately $103,000.

Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

(Expressed in Canadian Dollars)

12. SEGMENT INFORMATION

The Company operates in one reportable segment, being exploration and evaluation of mineral concessions located in Mexico. All of the Company's exploration and evaluation assets are located in Mexico.

13. INCOME TAXES

A reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	Year Ended December 31, 2023	2022
Loss before income taxes	$ (2,296,926)	$ (4,630,434)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax (recovery)	$ (620,000)	$ (1,251,000)
Change in statutory, foreign tax, foreign exchange rates and other	(18,000)	(99,000)
Permanent differences	312,000	225,000
Share issue cost	-	(11,000)
Change in unrecognized deductible temporary differences	326,000	1,136,000
Deferred income tax recovery	$ -	$ -

The tax effects on the temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Non-capital losses	$ 2,857,000	$ 2,610,000
Share issuance costs	8,000	11,000
Property and equipment	8,000	8,000
Exploration and evaluation assets	198,000	116,000
	3,071,000	2,745,000
Unrecognized deferred tax assets	(3,071,000)	(2,745,000)
Net deferred tax liability	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have been included on the statement of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary differences				
Property and equipment	$ 30,000	No expiry date	$ 30,000	No expiry date
Share issuance costs	$ 29,000	2024 to 2026	$ 41,000	2023 to 2026
E&E assets	$ 733,000	No expiry date	$ 429,000	No expiry date
Non-capital losses	$ 9,654,000	2028 to 2043	$ 8,807,000	2028 to 2042
Canada	$ 1,300,000	2038 to 2043	$ 1,070,000	2038 to 2042
Mexico	$ 8,354,000	2028 to 2033	$ 7,737,000	2028 to 2032

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

14. SUBSEQUENT EVENTS

On December 15, 2023, the Company entered into a business combination agreement with Atacama Copper Corporation (“Atacama”) pursuant to which Atacama will acquire all of the issued and outstanding shares of the Company in exchange for common shares of Atacama which will result in the reverse takeover of Atacama by the Company (the "Transaction"). The Transaction closed on February 9, 2024 at which time Atacama completed a consolidation of its issued and outstanding shares on a 6 for 1 basis and issued post consolidated share common shares to shareholders of the Company at an exchange ratio of 64.815 (the “Exchange Ratio”) for each share of the Company. A total of 37,916,848 post-consolidation Atacama shares were issued to shareholders of the Company.

As a condition of the Transaction, all of the in-the-money options of the Company, of which there were 94,500 stock options exercisable at $37.50 per common share, were converted into common shares of the Company on a net exercise basis while remaining Company stock options were exchanged for Atacama stock options in accordance with the Exchange Ratio. A total of 2,843,823 post-consolidation Atacama shares were issued to the Company’s option holders.

Atacama and the Company completed a concurrent financing of subscription receipts for gross proceeds of approximately $12.6 million at a price of $0.18 per subscription receipt. The subscription receipts converted into 71,004,956 pre consolidated common shares of Atacama (11,834,159 common shares on a post consolidation basis). The concurrent financing was subject to an agency agreement where agents received compensation up to 6% (3% of president’s list subscribers) in cash and agent’s warrants. A post consolidation total of 409,995 Agent’s warrants were granted, exercisable into common shares of Atacama at a price of $1.08 until February 9, 2026.

In connection with a termination agreement signed between the Company and a director of the Company, Atacama issued 925,947 post consolidation common shares with a fair value of $1,000,000 in satisfaction of 14,286 Company common shares that are issuable to satisfy a performance bonus in connection with completing the Transaction. The termination agreement also required issuance of a further 231,481 post consolidation Atacama common shares with a fair value of $250,000 as termination for the consulting arrangement on completion of the Transaction.